

# AGRICULTURAL OUTLOOK

November 1988

Economic Research Service  
United States Department of Agriculture

Grain Stock Rebuilding—  
How Long?  
See page 26

# AGRICULTURAL OUTLOOK

November 1988/AO 147

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**Economics Editor**—Clark Edwards (202) 786-3313  
**Associate Economics Editor**—Diane Decker (202) 786-3313  
**Managing Editor**—Patricia F. Singer (202) 786-1494  
**Editorial Staff**—Shirley Hammond  
**Statistical Coordinator**—Ann Duncan (202) 786-3313  
**Design Coordinator**—Carolyn Riley  
**Production Staff**—Karen Sayre, Tracy Fleck  
**Composition**—Joyce Bailey

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## In

## Brief . . .

## News of Cigarette Spending, Export Outlook, Transportation Rates

Despite the drought, net cash income for the farm sector in 1988 will be near or slightly above last year's record \$57.1 billion. Reasons include higher prices, inventory drawdowns, and only moderate decreases in Government payments. However, the fortunes of individual farmers have changed sharply, some gaining from higher prices received and others losing from heavy crop losses or higher feed costs.

Production of red meat and poultry is setting a record this year, helped by greater slaughter in response to higher feed costs. Production is led by a 9-percent increase in pork. Turkeys, broilers, and milk are up moderately; beef and eggs are down. Next year, with reduced breeding stock and downward pressure on producer returns, production of red meat and poultry will be down about 1 percent.

U.S. crop production is off 18 percent this year. Most of the drop is in feed grains, which are down one-third. One measure of the drought's impact is the severe drawdown of U.S. grain and oilseed inventories. Despite acreage and yield increases likely next year, most production for 1989/90 will be consumed directly in the U.S. and abroad, not put into stocks.

U.S. cropland used in 1988 for crops is about 1 percent below last year and 15 percent below 1981. Most of the reduction since 1981 reflects idling of land under farm programs. No land was idled in 1981. Acreage Reduction Program requirements call for less idled land for 1989.



Foreign cotton output is expected to increase 7 percent in 1988/89; U.S. output is slightly below last year as lower yields more than offset larger acreage. Greater foreign production is pushing exports up, so foreign ending stocks will be little changed.

Retail cigarette prices have risen about 90 percent since 1980. The big jump stems from rising manufacturer and wholesale prices, and from hikes in Federal, State, and local taxes. Wholesale prices of filter-tipped cigarettes (excluding excise taxes) rose about 135 percent from mid-1980 to mid-1987. The farm value of cigarette expenditures was actually \$100 million less in 1987 than in 1980. U.S. consumption has fallen 10 percent from its peak of 640 billion cigarettes in 1981.

World sugar production and consumption are both record high. World prices, although down from their temporary highs at midsummer, continue above average prices during the past 5 years because of the tighter balance between output and use.

Turkey, the traditional Thanksgiving and Christmas meat, will be in ample supply this holiday season, but not at the bargain prices seen last year. Wholesale turkey prices have been moving higher since last May, and could average 10 percent above 1987 for this year as a whole.

U.S. farm exports likely grew \$6 billion in value to \$34 billion in the fiscal year ended September 30. Volume grew 17 million tons to 146 million, as the United States captured a larger share of growing world markets. In fiscal 1989, export volume may decline because of increased competition and stronger prices. However, with higher prices and with continued growth anticipated in high-value products, next year's export value likely will rise further.

Japan is opening its beef markets a bit wider. Most of its imports are middle- to high-quality cuts; end cuts will need to find other markets. Increased world specialization in production, trade, and consumption of various cuts of beef is adding to the trend toward higher prices for quality cuts; end cuts are becoming better bargains.

Strains on grain transportation during the first half of the year have eased. Although harvest pressures could create some brief local shortages, rail and barge capacity should be ample for domestic and export needs. Rail rates have crept upward throughout the year. Following a sharp, brief reaction to the drought, barge rates have resumed their usual fluctuations, but at relatively high levels.



## Agricultural Economy

Crop production is off 18 percent this year. Most of the drop is in feed grains, which are down one-third. Yet net cash income for the farm sector will be about the same as last year.

How can it be that when a disaster such as this summer's drought hits farmers, income can stay about what it would have been anyway? The drought did not change this year's expenses much because most were committed before disaster struck. The answer is on the revenue side of the income accounts.

Three important parts of the explanation are what happened to prices, what happened to inventories, and what happened to Government payments.

**Prices are up.** When food prices rise, people nevertheless consume about the same amount of food to avoid hunger. When prices fall, most people cannot eat much more because they are not hungry. So, the quantity purchased does not stretch much when prices change—demand for food is inelastic.

When one food source becomes relatively scarce, consumers bid up prices to ration the scarce supply, or else they shift to other food sources. Other sources include different foodstuffs, more imports, or stocks from previous production.

Prices are likely to rise more than quantities fall. Look at what is happening to soybeans. The 1987/88 soybean crop was 1.9 billion bushels and was valued at \$11.7 billion. This implies a season average price of \$6.15 per bushel.

This year's crop, by contrast, fell 22 percent to only 1.5 billion bushels, and the price shot up. At the low end of the forecast range for prices is a 1988/89 average of \$7.00. This would place the value of the soybean crop at \$10.5 billion, down from last year but above the \$9.3 billion of 2 years ago.

At the high end of the forecast, the season average price may reach \$9.00, implying a crop value of \$13.5 billion, 15 percent above last year. Well within the range, a season average price of \$7.96 is all that is needed to keep the total value of this year's drought-reduced soybean production equal to the value of last year's larger crop.

When demand is inelastic as it is for farm products, and a drought decreases production, there tends to be a relatively large increase in prices—so large that the value of farm output is more than it would have been if there had been no output drop. So, for the farm sector as a whole, higher prices help income hold constant or rise when a drought strikes, even though some individual farmers experience severe losses.

**Inventories are down.** When the shortfall came, domestic and foreign consumption was maintained by drawing down stocks accumulated from past years' crops. Farmers with stocks helped maintain their cash flows by selling off inventories at good prices.

The drawdown of soybean stocks during 1988/89 will be about 180 million bushels. The stocks drawdown would have had a value of \$1.1 billion at last year's season average of \$6.15 per bushel. If sold at \$8 per bushel, the soybean drawdown will add \$1.4 billion to cash flows.

Similarly, the expected drawdown of 730 million bushels of wheat, if sold at \$3.70 per bushel, will add \$2.7 billion to cash flows. And a drawdown of 2,850 million bushels of corn going for \$2.60 per bushel will add \$7.4 billion.

Rebuilding inventories next year as production rebounds will be slow because most of the additional production resulting from increased plantings and higher yields will go to support current consumption. Thus, next year's cash flows will be only moderately reduced by inventory accumulation.

**Government payments** are down only a little. With the exception of advanced deficiency and disaster payments, most of the payments received this calendar year are for last year's crop. Most of the payment reductions associated with this year's crop will have more effect on next year's income.

Income payments for price supports fall as prices rise. The 1988/89 loan rate for corn is \$1.77 a bushel and the target price is \$2.93. Simply stated, if the market price were \$2.00, the payment to farmers would be \$0.93, and if the price rose to \$2.50, the payment would fall to \$0.43.

The purpose of price supports is to maintain income as market prices fluctuate between the loan rate and the target price. So, payments from this source are down in 1988 and 1989 because of the pressure of the drought-reduced crop on prices. But other payments are up this year, particularly those made under the Disaster Assistance Act.

Higher prices, inventory drawdowns, and steady Government payments have kept net cash income for the farm sector near or slightly above what it would have been without the drought. This is so even though the fortunes of individual farmers have changed sharply, some gaining from higher prices received and others losing from heavy crop losses or higher feed costs. [Clark Edwards (202) 786-3313]

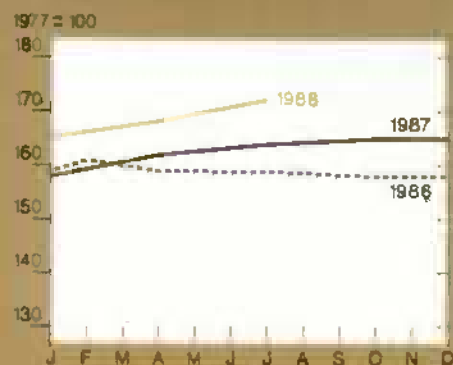
## LIVESTOCK OVERVIEW

Total red meat and poultry production in 1989 is expected to decrease 1 percent from this year's record, reflecting higher production costs and downward pressure on producer returns. Production growth for 1988 is led by a 9-percent increase in pork. Turkey and broiler output is up moderately from last year, while beef production is down slightly.

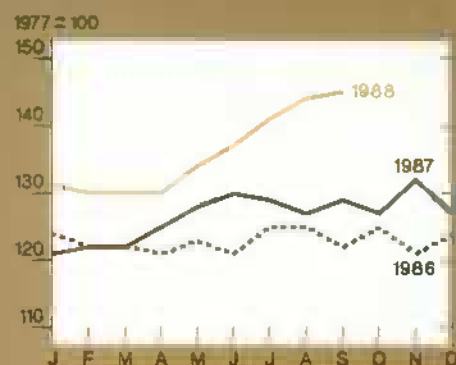


# Prime Indicators of the U.S. Agricultural Economy

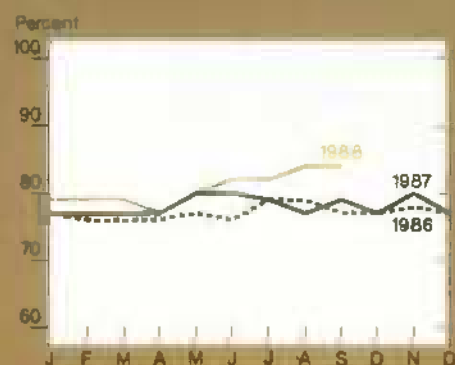
Index of prices paid by farmers<sup>1</sup>



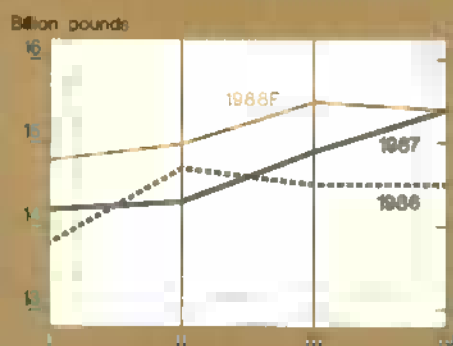
Index of prices received by farmers<sup>2</sup>



Ratio of prices received to prices paid



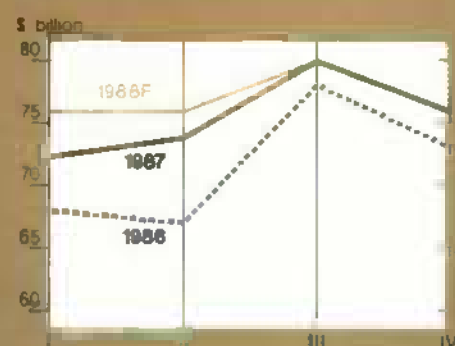
Red meat & poultry<sup>3</sup>  
production



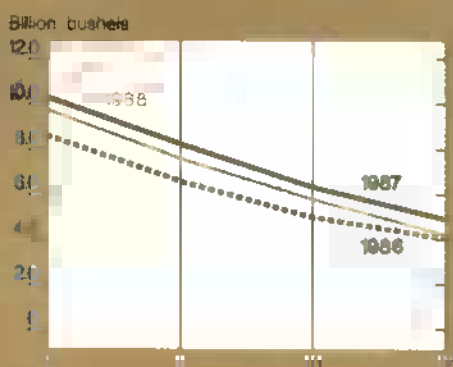
Red meat & poultry  
consumption, per capita<sup>3,4</sup>



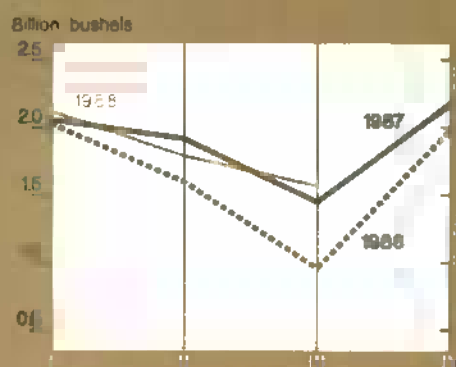
Cash receipts from  
livestock & products<sup>5</sup>



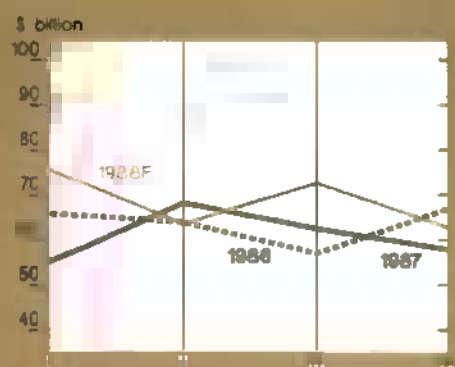
Corn beginning stocks<sup>6</sup>



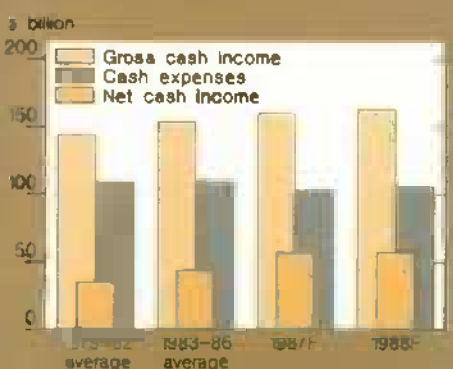
Corn disappearance<sup>6</sup>



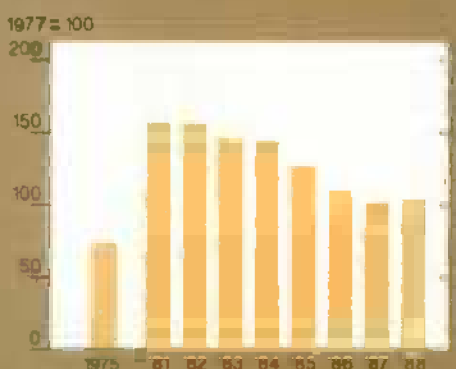
Cash receipts from crops<sup>6</sup>



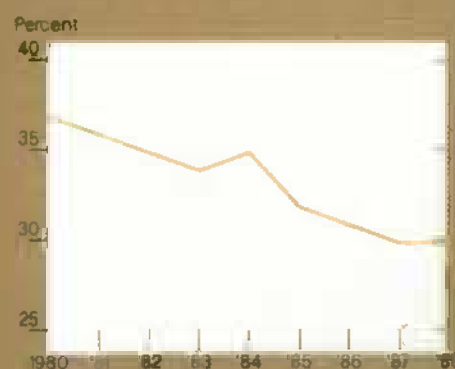
Farm net cash income



Farm real estate values



Farm value/retail food costs



For commodities and services, interest taxes, and wages. Beginning in 1986 data are only available quarterly. <sup>3</sup>For all farm products.

<sup>1</sup>Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts. <sup>4</sup>Retail weight. <sup>5</sup>Seasonally adjusted annual rate.

<sup>6</sup>I = Dec.-Feb.; II = Mar.-May; III = June-Aug.; IV = Sept.-Nov. F = forecast

These changes result from higher feed costs, differing production cycle lengths for cattle and poultry, and producer adjustments to increasing production costs.

Third-quarter fed cattle marketings set a record, while feedlot placements dropped substantially because of a squeeze on returns from higher prices for feed and feeder cattle. Greater numbers of market-ready hogs are resulting in more fall marketings and lower prices.

Beef output may slip around 5 percent from 1987 in the fourth quarter, while pork production will go up about 6 percent.

Broiler prices have declined seasonally since August, but they are still well above a year ago. Strong demand for breast meat has encouraged production increases of about 4 percent for 1988 and also for 1989.

Turkey producers, reacting to prolonged losses, are holding 1988 expansion to 5 percent, compared with 19 percent in 1987. The production slowdown which began during the second half of 1988 will hold 1989's output increase to about 4 percent also.

### ***Third-Quarter Cattle Marketings Set Record***

Third-quarter fed cattle marketings from the 13 quarterly reporting States set a record. Producers marketed 6.15 million head for slaughter, 2 percent more than a year earlier. The larger marketings came at the expense of nonfed steer and heifer slaughter, which may have dropped below last year's record low for the third quarter.

This summer's cattle marketings may be the largest for some time to come. Fed cattle marketings in the fourth quarter likely will decline along with already-reduced nonfed slaughter. Commercial steer and heifer slaughter may be down 10 to 12 percent from the summer quarter. Declining fed cattle marketings may be only partially offset by a seasonal increase in cow slaughter.

Total fourth-quarter slaughter could fall slightly below a year earlier, with heavier slaughter weights not making up for the reduced volume. Slaughter will be down from the third quarter, when fed beef supplies were a record 5.3 billion pounds and nonfed supplies were the tightest since 1979.

This summer's drought apparently reduced heifer retention more than it increased cow slaughter. Third-quarter heifer slaughter increased 3 percent from a year earlier, even though there were 3 percent fewer heifers on hand July 1. Commercial cow slaughter, on the other hand, remained 5 percent below third-quarter 1987, with most of the culling in dairy rather than in beef herds.

Seasonal adjustments in heifer and cow slaughter should play a larger role in fourth-quarter slaughter. Commercial heifer slaughter usually shows month-to-month declines beginning in September, and cow slaughter picks up.

Wheat pasture prospects improved in September across much of the Southern Plains. Plantings and emergence were well above average, which supported fall stocker cattle prices and sent some lighter calves back to pasture for the winter rather than into feedlots.

Improved fall pastures and late-summer hay cuttings should provide an adequate base in most of the country to carry cow herds through the winter. Hay prices likely will range above a year earlier in some of the hardest hit drought areas. However, additional cow culling should be limited.

### ***Hog Prices Down***

The September 1 inventory of all hogs and pigs in the 10 quarterly reporting States was estimated at 45.1 million head, 5 percent larger than a year earlier and the largest for the date since 1983. Hogs kept for breeding numbered 5.5 million, up 3 percent, while market hogs were 39.6 million, up 5 percent.

For all 50 States, the inventory was estimated at 58.3 million head. Inventories of breeding stock were 7.3 million and market hogs 51 million. Because this is the first year that 50-State inventories have been estimated on September 1, no year-to-year comparisons are possible.

The drought and extreme heat hurt summer pig production and disrupted producers' plans. Pigs saved per litter during June-August dropped from 7.75 in 1987 to 7.62. The decline could also be attributable to the presence of more gilts in the breeding herd. Hogs kept for breeding declined 3 percent between June and September, probably because of sharply lower returns due to higher feed costs and steady prices.

Farrowing intentions for September-November, reported in June to be 6 percent larger than a year earlier in the 10 quarterly reporting States, showed an annual rise of only 4 percent in September. For December 1988-February 1989, producers indicated plans to have only 2 percent more sows farrow than a year earlier.

The cutbacks in the breeding herd and in farrowing intentions indicate the herd buildup that began in 1986 may be stalling. Production likely will continue above a year earlier through first-half 1989, but slip below a year ago in the second half. Total commercial pork production in 1989 is expected to be near 15.7 billion pounds, up slightly from 1988.

Hog prices probably will strengthen slightly next year, with most of the increase in the second half. Aided by declining beef supplies, barrow and gilt prices at the seven major U.S. markets could average \$2-\$3 above 1988's \$44 per cwt.

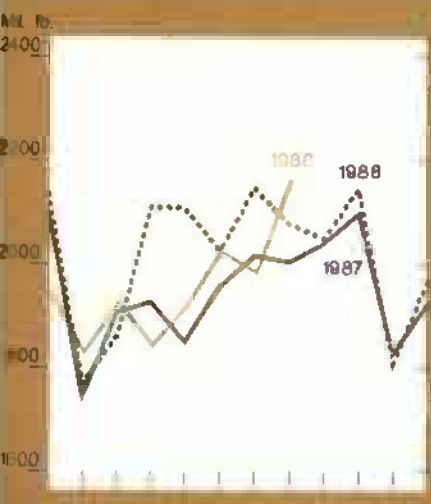
After holding at favorable levels for 2 years, producers' returns turned negative in September. Producers may continue to see relatively low returns until spring. If so, the hog inventory is expected to plateau in 1989.

### ***Broiler Production Slowing***

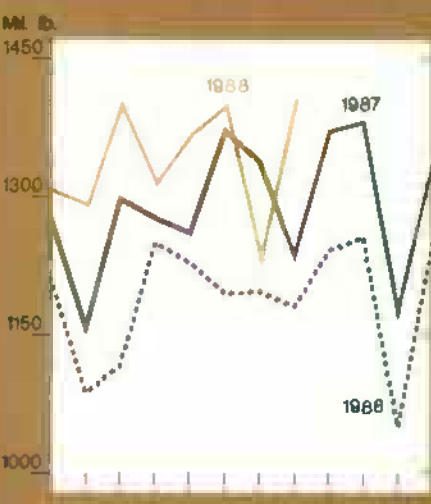
Broiler output for 1988 is forecast up 4 percent. Production increases slowed during the summer as heat retarded weight gains. With weather cooler and chick placements larger than a year earlier, fourth-quarter production will escalate.

Production of Livestock and Products

Commercial beef



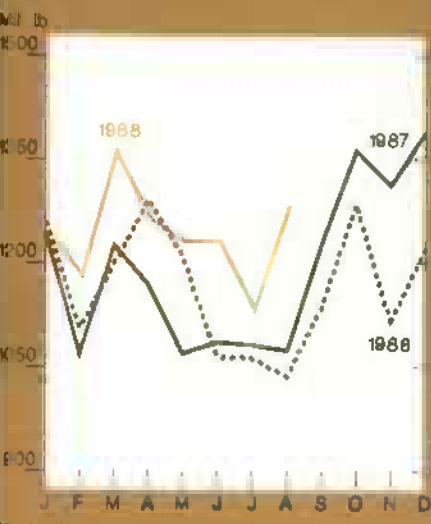
Broilers<sup>1</sup>



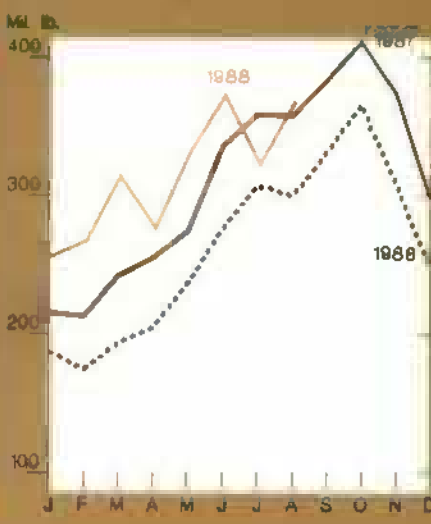
Eggs



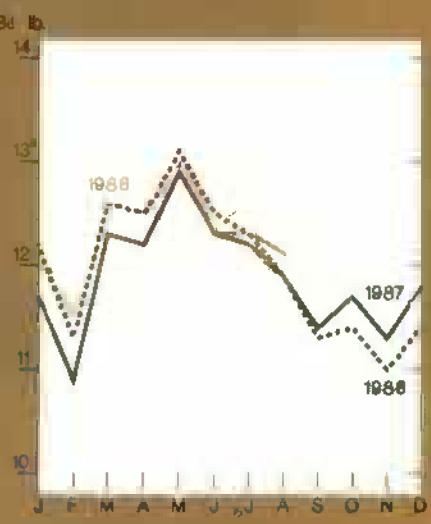
Commercial pork



Turkeys<sup>1</sup>



Milk



<sup>1</sup>Federally inspected production, ready-to-cook.

Production during January-August was 5 percent above a year earlier, but third-quarter output increased only 3 percent. The hatching-egg flock was 2 percent above a year earlier on September 1, but weekly chick placements averaged more than 4 percent higher during August and September. Fourth-quarter production is projected to increase more than 3 percent from last year.

Production during 1989 could hold near the long-run trend of 4 percent annual growth. Rising broiler prices pushed third-quarter net returns to 14.9 cents per

pound. Higher feed costs during second-half 1988 and first-half 1989 should limit production increases.

However, with lower per capita supplies of red meat in 1989, producers could see more support for broiler prices. By force-molting old hens in the hatching flock, producers can probably keep production about 3 percent above a year earlier in first-quarter 1989.

The 12-city broiler price began dropping during mid-September as the summer barbecuing and vacation season ended, but prices stabilized by October in the 58-62 cent range. Skinless, boneless breast prices in the Northeast declined from

\$2.79 per pound to a low of \$2.35 in late September, indicating weakening seasonal demand.

The 12-city broiler price averaged 66 cents per pound during the third quarter, up from 49 last year. The price will soften seasonally in the fourth quarter to 53-57 cents, and likely will average 55-57 for all of 1988.

Prices during 1989 may remain near 1988, averaging 51-57 cents. First-quarter prices, at 50-56, will be near fourth-quarter 1988 but above the 45 cents of a year earlier.



## **Jamaican Poultry Industry Hit Hard by Hurricane Gilbert**

Hurricane Gilbert inflicted severe damage on the Jamaican poultry industry in mid-September. Most of the flock was lost; one report indicated that only 150,000 chickens were left for slaughter. Jamaica's normal flock is 5 million birds, including nearly 3 million layers. Much poultry housing was destroyed, especially for broilers.

Beef and dairy operations apparently sustained fewer losses. But many important crops, including sugarcane, bananas, and tree crops, were substantially damaged.

### ***Poultry a Major Sector***

Poultry is important in the diet of the 2.5 million Jamaicans. Chicken accounts for nearly 60 percent of total meat consumption, exceeding fish. Per capita consumption has been 45 pounds in recent years.

About 60 percent of the chicken consumed is produced on the island and the remainder is imported, primarily from the United States. In 1987, Jamaica's poultry meat production was nearly 30,000 metric tons and imports were 21,000 metric tons.

U.S. poultry exports to all destinations have been only about 5 percent of broiler production and 2 percent of egg output. From January through July 1988, Jamaica accounted for about 6 percent of U.S. broiler exports. It has been the fourth largest importer of U.S. chicken meat and the largest in the Caribbean.

In 1987, Jamaica imported \$14.3 million worth of U.S. poultry products, including \$10.2 million of chicken meat, \$3.3 million of hatching eggs, and \$240,000 of chicks.

During January-July 1988, U.S. exports of poultry meat to Jamaica averaged 4 million pounds per month. Nearly all were lower valued chicken parts. Jamaica's post-hurricane needs are estimated at about 9 million pounds per month. Thus, U.S. exports to the island could double if financing and refrigeration are available, then taper off as the industry recovers.

Relatively low-priced U.S. chicken parts could moderate the expected increases in food prices in Jamaica. Increased imports of higher priced broilers will also be needed for the tourist industry, which will recover much faster than the poultry industry.

With its foreign exchange reserves already low before the hurricane struck, Jamaica requires assistance to increase imports. Under the GSM-102 export credit guarantee program, the United States helped by making \$3 million available for fiscal 1988 sales of U.S. frozen poultry to Jamaica, and by increasing the allocation for lumber to \$12 million out of total guarantees of \$49 million.

GSM-102 credits had already been increased to \$57 million for fiscal 1989 and provide for sales of lumber, various foods, feeds, and seeds. A GSM-103 credit totaling \$3 million provides for sales of breeding stock, including chick-

en or hatching eggs. Finally, a P.L. 480 agreement provides long-term credit of \$30 million (the same as for fiscal 1988) for sales of wheat or flour, rice, and coarse grains.

### ***Egg Imports Could Help Fill Gap***

Egg imports could help fill the island's short-term protein needs. Jamaican table egg consumption is normally 9-10 dozen per person per year. Most table eggs are produced domestically, and the United States has not exported any to Jamaica recently. However, with domestic production substantially reduced by Gilbert, imports of 1.5-1.75 million dozen per month will be needed to meet normal monthly consumption of about 2 million dozen.

Jamaica will need more hatching eggs and chicks to rebuild its flocks. Hatching egg requirements are estimated at 235,000 dozen per month. During January-July, U.S. exports to Jamaica averaged 184,444 dozen per month, at an average value of about \$1.60 per dozen. U.S. baby chick exports were running at 46,286 per month and are likely to increase.

The Jamaican poultry industry has requested low-interest loans from the Government of Jamaica and a 2-year moratorium on current debt. It has also asked the Government to waive duty on imports needed for rehabilitation. Industry officials estimate it will take at least a year to return to normal. [Larry Wluccki (202) 786-1766]

U.S. broiler exports for January-July 1988, at 417 million pounds, were up less than 1 percent from a year earlier, as the year-to-year margin continued to narrow in July. Exports for all of 1988 are expected to be slightly below the 1987 record.

Sharp reductions in U.S. broiler sales to Iraq and Egypt, which were major Export Enhancement Program (EEP) markets in 1987, largely explain this year's slowdown. These countries are importing less chicken meat as they attempt to increase domestic production. Higher domestic prices this year,

together with increased export subsidies by the EC, have reduced U.S. competitiveness.

### ***Turkey Output Smaller In Second Half***

Turkey producers are cutting production during second-half 1988 after facing negative net returns for an entire year. Production is expected to be up only 5 percent for all of 1988, after increasing 19 percent in 1987. Cumulative placements for 1988 slaughter (those placed from September 1987 through August 1988) were only 2 percent ahead of a year earlier, even though production during January-August was 11 percent larger than the year before.

Third-quarter production fell 5 percent from the same quarter in 1987. Fourth-quarter production probably will fall 5 percent also; producers placed fewer poults because of income losses last year and rising feed costs this year. The September *Turkey Hatchery* report indicated that placements during March-August 1988 were 5 percent below a year earlier.

Turkey stocks on September 1, at 560 million pounds, were even with a year earlier. October 1 stocks likely were 620 million pounds, about 3 percent below the 1987 record.

Fourth-quarter consumption probably will climb to 6.1 pounds per person, 2



percent above a year earlier. For the entire year, per capita consumption is expected to be up 9 percent, to 16.5 pounds. With lower beginning-of-the-year stocks and production projected to increase 4 percent, next year's per capita consumption is expected to be only slightly larger than in 1988.

Producers' net returns were 6 cents per pound during the third quarter and are expected to remain positive during the fourth. Higher feed costs, however, will keep margins narrow. Following these positive net returns, production in 1989 is expected to increase approximately 4 percent.

Prices for Eastern region hen turkeys were 73 cents per pound during the third quarter, up from 56 cents last year. Prices will continue rising seasonally as holiday buying picks up and production keeps decreasing. Larger pork supplies will help hold wholesale turkey prices between 78 and 82 cents during the fourth quarter. For all of 1988, prices are expected to average 62-64 cents, up from 58 in 1987.

Prices for 1989 are projected to average 65-71 cents. With lower beginning stocks, first-quarter prices may average 62-68, substantially above the 49 cents of first-quarter 1988.

U.S. turkey exports of 6.1 million pounds in July were the highest monthly total since the 6.25 million pounds of July 1983. Turkey parts made up 93 percent of the total. Egypt took 3.2 million pounds of parts, paying only 29 cents a pound. Mexico took 1.56 million pounds.

U.S. turkey exports during January-July came to 30.5 million pounds, slightly more than double those of a year earlier. Egypt, West Germany, and Mexico were the major importers. Higher U.S. turkey prices are expected to slow future export growth.

#### **Egg Production Down 1 Percent This Year**

Egg production is projected to be down about 1 percent in 1988, with per capita consumption falling nearly 7 eggs. All of the output decline will come in the second half, when production likely will be off more than 2 percent from a year earlier.

The table-egg laying flock has been significantly reduced over the past several months, and on September 1 it was 3.7 percent below a year earlier. The continued reduction is due to poor returns.

Estimated net returns to egg producers have been negative in 13 of the past 16 months. September 1987 was the last month in which estimated returns were more than 1 cent per dozen. During the fourth quarter, net returns are expected to be near breakeven because of stronger egg prices.

Wholesale prices for grade A large eggs in New York have fluctuated significantly in the past several months. Prices rose from mid-June to late July, reaching an 18-month high of 77.5 cents a dozen. After a decline in August, prices rallied to 79.5 cents by late September, and then fell sharply during the first half of October. Third-quarter prices averaged 73 cents per dozen.

Fourth-quarter prices are expected to average 73-77 cents, while annual 1988 prices are forecast to range between 63 and 65 cents. For 1989, prices are expected to average 71-77 cents.

U.S. exports were recently boosted by sales of 15 million dozen table eggs to Mexico under the GSM-102 Export Credit Guarantee program. Because of this and other programs, total egg exports for 1988 could exceed last year's 111 million dozen by 20 to 30 percent.

#### **Gains in Milk Per Cow Likely To Slow**

Milk production recovered quickly from the summer's harsh weather. June output was about even with a year earlier, but July-September output rose 1.5 percent from 1987. Milk per cow was hurt by extreme temperatures in June, but later recovered as cows adjusted to hot, dry conditions. However, the most important effects of the drought are yet to be felt—including reductions in cow numbers and slower growth in milk per cow, triggered in part by drought-induced jumps in feed costs.

The year-to-year gain in milk per cow was 2 percent in July-September, only half the gain of early 1988. Sharp increases in concentrate feed prices dropped the milk-feed price ratio to about 1.5 during April-September from 1.8 a year earlier.

Milk-feed ratios likely will stay relatively low through mid-1989. Low ratios, combined with feed quality problems, probably will hold rises in milk per cow below trend. In fact, increases from a year earlier might be quite small after the extraordinary gains in milk per cow in late 1987 and early 1988.

Milk cow numbers have declined since the start of 1988. A drop in 1987 was caused by the Dairy Termination Program; this year's drop was caused by higher feed costs and lower prices. In recent years, milk producers have been successful at lowering costs to match price support reductions. Apparently, though, significant numbers of farmers were unable to match the latest cut. Cow numbers in 21 selected States dropped 49,000 head between January and April.

Higher feed costs arising from the drought will place additional downward pressure on milk cow numbers. Some farmers will not be able to cope and others may delay expansion until feed supplies recover. Since mid-April, Federally inspected dairy cow slaughter has been larger than a year before. Cow numbers fell 39,000 between April and August and probably will go on declining through early 1989. Continued strong cull cow prices and a smaller number of replacement heifers will contribute.

Milk production may slip below a year earlier by the end of 1988. However, increases earlier in the year probably will cause 1988 output to be record large, surpassing 1987 by about 1 percent. For the year, a 2-percent increase in milk per cow will outweigh a decrease in milk cow numbers.

**For further information, contact:**  
Kevin Bost, hogs; Lee Christensen, Mark Weimar, Bob Bishop, and Larry Witucki, broilers, turkeys, and eggs; Steve Reed, cattle; and Jim Miller, dairy. All are at (202) 786-1285.

## FIELD CROP OVERVIEW

### *Wheat Supplies Remain Tight*

World wheat supplies in 1988/89 will remain tight because of lower production and reduced stocks in the United States, Canada, and Argentina. World production is projected at 505 million tons, up slightly from last year. World ending stocks are forecast to fall from 145 million tons to 114.

Substantially higher prices, larger importer production, and tighter exporter supplies are cutting world imports. Imports for 1988/89 (excluding intra-EC trade) are forecast at 94 million tons, 10 percent below a year earlier. Trade in wheat for feed is also expected to fall.

U.S. wheat outturn for 1988/89 is forecast at just over 1.8 billion bushels, down about 300 million from the previous year. Although the winter wheat crop was stressed by drought in some areas, disease problems contributed to the 13-percent decrease in hard red winter wheat. Major drought damage occurred to hard red spring and durum, with production down 58 and 51 percent, respectively.

Domestic use of wheat may expand slightly to 1.1 billion bushels, as food and seed use increase. Exports likely will be 142 million bushels below 1987/88.

Maintaining near-record total use will draw down stocks of some wheat varieties. U.S. stocks are forecast to fall almost 60 percent from last year, reaching the lowest since 1974/75. As a result, prices are forecast at \$3.55-\$3.95 per bushel, up from the 1987/88 average of \$2.57.

### *U.S. Feed Grain Supplies Down, But Ample*

World exportable supplies of coarse grains are not as tight as wheat supplies, although a sharp drop is projected. World coarse grain production is forecast at 709 million tons, 81 million less than last year, with the United States accounting for most of the drop. World stocks are expected to plunge from 209 million tons to 115 million.

World coarse grain trade will be bolstered by the reduction in exportable supplies of wheat for feed this year. Trade forecasts have been increased in response to bigger expected corn purchases by the Soviet Union and Eastern Europe. Additional demand could cause prices to rise further as supplies tighten. Coarse grain imports are forecast at 87.5 million tons, up 6 million from the very low level of a year earlier.

U.S. feed grain production for 1988/89 likely was 138.6 million tons, almost 80 million lower than the preceding year. Yields for feed grains have slipped significantly. The corn yield is forecast at 80.2 bushels per acre. This contrasts with a 1987 yield of 119.1 bushels and is the largest absolute year-to-year decline on record.

Area planted to feed grains was about 5 million acres below last year. The area harvested for grain has fallen by 8 million, with additional chopping and cutting for silage expected.

This year's corn crop has suffered not only from a major drought, but also from disease, pests, and other problems. As a result, crop quality is a major issue. Also, some of the crop passed through the late-season denting stage while still milky, and the abnormally high moisture content could encourage mold growth after harvest. Thus, grain handling and storage conditions are more important this year than in other recent years.

Forecast prices for all feed grains are significantly higher in 1988/89 than last year. Nonetheless, only a modest reduction is expected in U.S. exports. Forecast at 49.5 million tons, foreign purchases are likely to fall only 5 percent from 1987/88, with most of the decline likely for barley and sorghum. But competitors will capture all expected growth in world demand this year, and the U.S. will lose market share.

### *Domestic Soybean Use Steady*

Foreign soybean production for 1988/89 is expected to be large at 53 million tons, up 5 percent from last season. Brazil and Argentina will increase area significantly to take advantage of higher prices. But with U.S. production reduced to 40.9 mil-

lion tons, 11.5 million below a year earlier, world production is down.

Higher foreign production should raise exports. Foreign soybean exports are forecast up from 8 million tons in 1987/88 to 10.3 million this season. But, lower U.S. exports and higher prices will more than offset the rise in competitor exports, leaving world soybean exports 14 percent less than in 1987/88.

Foreign exports of soymeal and soyoil are projected to rise 19 and 11 percent, respectively. Foreign imports of meal and oil will fall marginally, and U.S. exports of these products will drop.

Increased supplies of soybeans at harvest probably have delayed the price rises needed to ration the short 1988 U.S. crop. U.S. soybean meal use remained strong through September, suggesting some inventory buildup by feeders, feed manufacturers, and dealers.

Based on the livestock production outlook, U.S. domestic soybean meal use may not shrink as much this year as it did in 1983/84, following the 1983 drought. The necessary rationing is likely to come through reduced exports of soybeans and soybean meal.

High vegetable oil prices in the United States will continue to encourage imports for U.S. consumption. Only if domestic prices drop into closer alignment with world prices will U.S. imports decline.

U.S. soybean acreage in 1989 will depend on the progress of the South American crop and on U.S. policy regarding soybean planting on corn base acreage. Prices at planting time will have to average well above \$7.50 per bushel to shift corn base acreage into soybeans.

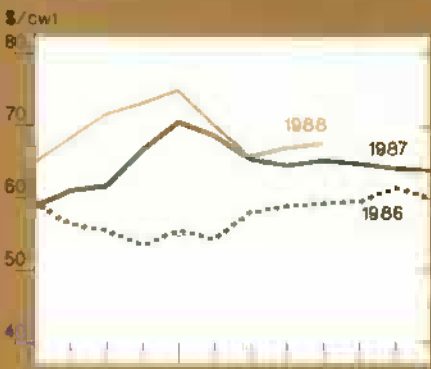
### *U.S. Cotton Stocks Expected To Be Large*

Foreign cotton production is expected to rise 7 percent in 1988/89, to 70.6 million bales. With harvest underway, most Northern Hemisphere producers continue to have high expectations for this year's crop because weather, with a few exceptions, remains favorable.

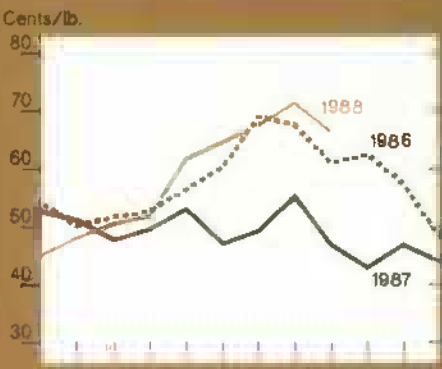
Larger production is pushing foreign prices down, and foreign exports are projected up 7 percent, or 1.2 million

Commodity Market Prices

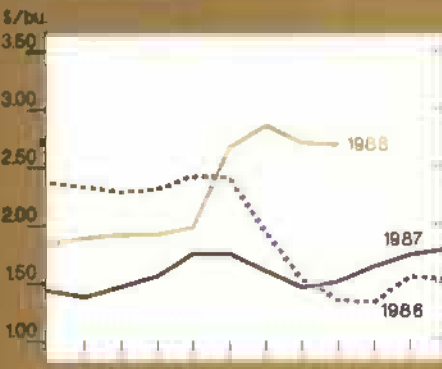
Choice steers, Omaha



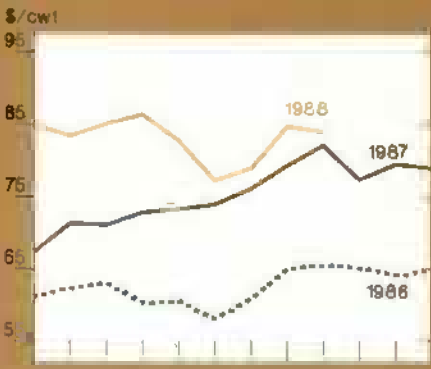
Broilers, 12-city average



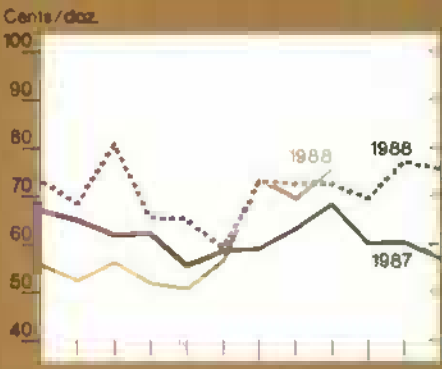
Corn, Chicago<sup>3</sup>



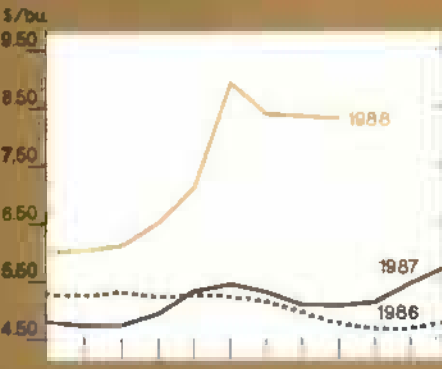
Feeder cattle, Kansas City<sup>1</sup>



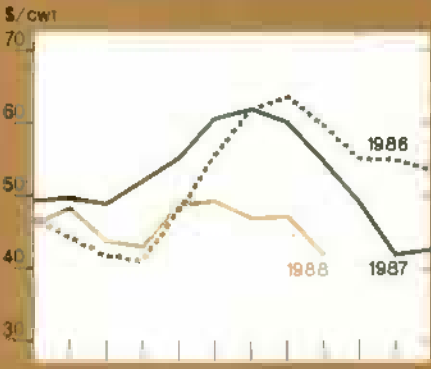
Eggs, New York<sup>2</sup>



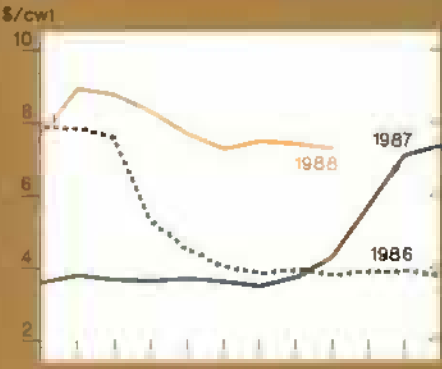
Soybeans, Chicago<sup>4</sup>



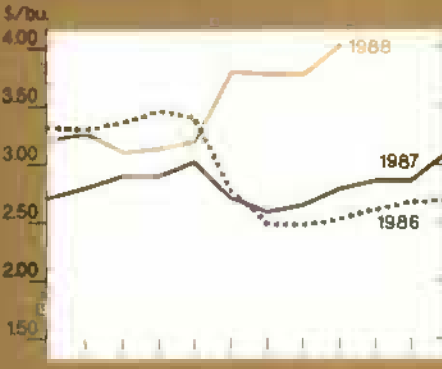
Barrows and gilts, 7 markets



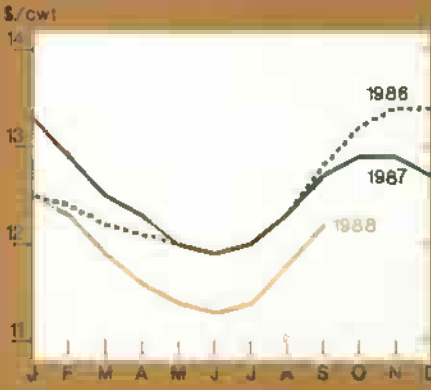
Rice (rough), SW Louisiana



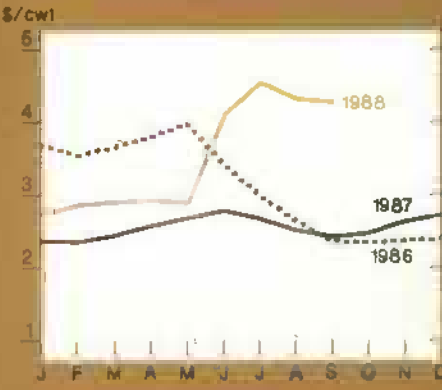
Wheat, Kansas City<sup>5</sup>



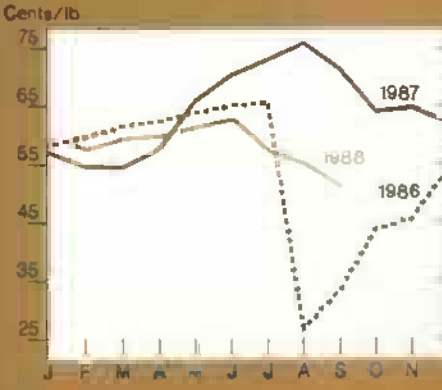
All milk



Sorghum, Kansas City



Cotton, average spot market



<sup>1</sup>600-700 lbs., medium no. 2. <sup>2</sup>Grade A large. <sup>3</sup>No. 1 yellow. <sup>4</sup>No. 2 yellow. <sup>5</sup>No. 1 HRW



## Generic Certificate Update

USDA issued \$21.4 billion of generic certificates from April 1986 through August 31, 1988. Certificate exchanges for grains and oilseeds as of October 11, 1988, totaled \$20.0 billion. Exchanges for cotton as of October 11 and for cash as of September 9 brought total certificate exchanges since April 1986 to \$20.8 billion.

Half of the projected \$2 billion in final deficiency payments for 1987-crop corn and sorghum was made in certificates during October. Therefore, near-term availability of generic certificates is estimated at \$1.6 billion.

If approved, EEP bonuses could bring an additional \$700 million of certificates into circulation over the next fiscal year.

The 1988 drought and lower CCC stocks will reduce the volume and shift the pattern of certificate exchanges over the next 12 months. Exchanges for producer loans, which historically account for almost 74 percent of total exchanges, should diminish.

Relatively high corn prices favor redemption of 1987 loans with cash instead of certificates, and should virtually eliminate opportunities for "Quick-PIK" (exchanging certificates for crops placed as loan collateral to avoid storage and interest charges) for the new crop. Certificate exchanges for corn and wheat held by the CCC and in the Farmer-Owned Reserve (FOR) are expected to account for a large portion of exchanges in coming months.

Wheat use in 1988/89 likely will exceed production plus imports by 728 million bushels. Up to 182 million bushels of CCC and FOR stocks could be freed through certificate exchanges to meet

user needs between October 11, 1988, and June 1, 1989.

Domestic and foreign use of corn may exceed U.S. supplies by approximately 2.85 billion bushels, which will have to come out of beginning stocks. Of the 2.85 billion bushels, about 1 billion of FOR and CCC stocks could be freed through certificates before September 1, 1989.

At a season-average price of \$2.60 a bushel for corn and \$3.70 for wheat, certificate needs for CCC and FOR exchanges could range between \$1.5 and \$3.3 billion. Even assuming additional certificate issuances of \$700 million in the form of EEP bonuses over the next year, certificate supplies could be tight. [Joe Glauber (202) 786-1840]

## Generic Certificate Balance Sheet \$ billion

Issuances as of 8/31/88	21.4
October deficiency payments	1.0
	22.4
Exchanges as of 10/11/88	
Grains and oilseeds	20.0
Cotton	.7
Cash	.1
	20.8
Current availability	1.6
Additional issuances EEP	.7
1988/89 total supply	2.3
Certificate needs	
Corn	1.1 - 2.4
Wheat	.3 - .7
Other	.1 - .2
Total demand	1.5 - 3.3

## Cumulative Generic Certificate Exchanges as of October 11, 1988

Commodity 1/	Unit	CCC Inventory 2/	Producer loans	Total
<b>Food grains</b>				
Wheat				
Volume	(Mil. bu.)	764.0	624.4	1,388.5
Value	(Mil. \$)	1,979.4	1,582.3	3,561.7
Rice				
Volume	(Mil. cwt)	42.2	0.4	42.5
Value	(Mil. \$)	154.0	1.6	155.6
<b>Feed grains</b>				
Corn				
Volume	(Mil. bu.)	1,321.6	7,091.8	8,413.4
Value	(Mil. \$)	2,703.3	12,146.5	14,849.9
Grain sorghum				
Volume	(Mil. bu.)	158.5	460.3	618.8
Value	(Mil. \$)	294.5	665.1	959.6
Barley				
Volume	(Mil. bu.)	92.5	165.1	257.6
Value	(Mil. \$)	145.3	270.1	415.4
Cotton				
Volume	(Mil. bales)	.90	6.36	7.26
Rye, oats, soybeans				
Value	(Mil. \$)	24.2	34.0	58.2
Total value 3/	(Mil. \$)	5,300.9	14,699.7	20,000.5

1/ Other program commodities for which few or no exchanges have been made include honey, nonfat dry milk, butter, and cheese. 2/ CCC loans as of October 7, 1988. 3/ Does not include values for cotton exchanges.

Source: Agricultural Stabilization and Conservation Service, USDA.

bales. But foreign consumption is expected to rise just 1 percent, so stocks should remain about the same.

The 1988 U.S. cotton crop is projected at 14.7 million bales, slightly below last year, as lower yields more than offset larger acreage. Lower yields are expected in all regions of the Cotton Belt, with declines ranging from 11 percent in the Delta to 20 percent in the Southwest. The total cotton supply is forecast at 20.5 million bales for 1988/89, the largest since 1966/67.

Even with increased U.S. supplies, the larger competitively priced foreign production is expected to cut U.S. exports nearly one-fifth, to 5.3 million bales. The U.S. share of global exports likely will fall from 27 to 22 percent.

Domestic mill consumption is forecast at 6.9 million bales in 1988/89, compared with 7.6 million last season. Lower use is partly related to a decline in denim's popularity and to consumers' cutting back on clothing purchases generally. Consequently, ending stocks are likely to increase to 8.4 million bales, over 45 percent above the beginning level. [James Cole and Carolyn Whitton (202) 786-1826]

**For further information, contact:** Sara Schwartz, world food grains; Edward Allen, domestic wheat; Janet Livezey, domestic rice; Peter Riley, world feed grains; James Cole, domestic feed grains; Bob Cummings, world oilseeds; Roger Hoskin, domestic oilseeds; Carolyn Whitton, world cotton; Bob Skinner, domestic cotton; Jim Schaub, domestic peanuts. World information (202) 786-1824; domestic (202) 786-1840.

## HIGH-VALUE CROP OVERVIEW

### Orange Production Higher in 1988/89

The all-orange crop is forecast up 10 percent from 1987/88, reflecting a larger California navel harvest and continued recovery from the 1983 and 1985 freezes in Florida and Texas.

California's navel orange output is estimated at 35 million boxes, up 11 percent from last season, while its valencia forecast, at 26 million boxes, is 4 percent greater than in 1987/88. Florida's all-orange production is forecast at 152 million boxes, up 10 percent from last season.

The California navel crop is progressing normally, and quality is expected to be good. The oranges are smaller than last year, but trees are carrying more of them. Because of the larger crop, navel orange prices likely will be lower than last year.

Florida's groves are in good to excellent condition despite heavy rains during late summer. Prices of frozen concentrated orange juice (FCOJ) are firm at \$5.28-\$5.75 per 48 (6-ounce) cans, compared with \$4.46 a year earlier. FCOJ imports likely will be down this season because of smaller Brazilian supplies and the larger Florida crop. Brazil's production probably will be unchanged, but its carryin stocks are down 11 percent from last season.

Florida's grapefruit production is forecast at 57 million boxes, up 6 percent from 1987/88. Prices are expected to be relatively high because of strong export demand, but lower than last season. Exports to Japan are likely to increase because of favorable exchange rates and the recent U.S.-Japan trade agreement, which reduces Japanese tariffs on fresh grapefruit imports from the United States.

The Arizona-California lemon crop is forecast at 22.7 million boxes for 1988/89 (August-July). This is 10 percent above last year, but 21 percent less than in 1986/87. Lemon exports likely will rise, but larger supplies probably will hold prices below last year.

## Fall Fresh Vegetable Area Down

Harvested area of seven fresh market vegetables in major producing States is expected to decline 2 percent from last fall. Declines in the acreage of broccoli, cauliflower, celery, sweet corn, and lettuce will offset increases in carrots and tomatoes.

Lettuce area shrank 1 percent from last fall. High temperatures in California and excessive rain in Florida and Arizona disrupted early growth, but all major areas reported good to ideal growing conditions by early October. If crop conditions remain favorable, prices this fall will be lower than a year ago.

Broccoli and cauliflower area for harvest in California fell 6 percent. Extreme heat in September caused stress during early plantings, but conditions were improving in early October.

Fresh tomato area for harvest this fall stands 4 percent above a year ago. Shipments during late October and early November may be lighter than usual because mid-September flooding damaged tomatoes and other vegetables in Florida's Palmetto-Ruskin area. Shipments should return to normal or above later in the fall when replanted fields come into production.

Hot temperatures in California reduced prospects for processing tomato production to 7.3 million tons, 2 percent less than last year. The likelihood of a shorter-than-anticipated pack of tomato products is pushing prices up.

The October 1 estimate of dry bean production stood at 19.9 million cwt, down 24 percent from 1987. Average grower prices for all dry bean types stood at \$26.00 per cwt in August, compared with \$16.10 in August 1987.

Dry pea output is estimated at 3.9 million cwt, up 14 percent from last year. Green split peas were selling around \$13.00 per cwt, virtually unchanged from last year.

Lentil production is estimated at 0.9 million cwt, down 50 percent from last year. Acreage was cut in half from 1987. F.o.b. prices were \$22-\$23 per cwt during October, compared with \$13.00 a year ago.

## **U.S. and World Sugar Prices Volatile**

World sugar consumption is forecast at a record 106.8 million metric tons for 1988/89, up 2 percent from a year earlier. Production is forecast at a record 107.1 million tons. Sugarcane production is likely to rise substantially in Australia, Brazil, Cuba, and India. Unusually good growing conditions have boosted estimates for sugarbeet output in the European Community and the Soviet Union.

World sugar prices (f.o.b. Caribbean, contract no.11) jumped to 10.5 cents a pound in June 1988, the highest since mid-1983. They then climbed to 14.0 cents in July, the highest since 1981, before retreating to an average of 10.2 cents in September.

The July surge reflected strong speculative interest because of a perceived tightening of supplies. Prices fell sharply as production prospects improved substantially because of good growing conditions in most major producing countries.

Between February and mid-July, U.S. raw sugar prices reacted to higher demand and prospects of a drought-reduced beet crop by rising 2 cents a pound to nearly 24 cents (nearby futures, c.i.f./duty paid, New York, contract no. 14). On July 22, USDA announced a 300,000-ton increase in the import quota for calendar 1988 and prices fell sharply, averaging 21.9 cents in August and 21.8 in September.

In September, USDA announced that the 1988/89 loan rate for raw sugar will remain at 18.0 cents a pound and that the beet sugar loan rate will increase from 21.16 cents a pound in 1987/88 to 21.37. The market stabilization price for fiscal 1989 is set at 21.8 cents. A sugar import quota for 1989 must be announced by December 15, 1988.

## **U.S. Tobacco Prices Up Despite Higher Production**

Smaller stocks entering the new marketing year (which began July 1 for flue-cured and cigar wrapper, October 1 for all other types) more than offset higher tobacco production, so the total 1988/89 supply is lower than last year.

Increased acreage and higher yields will boost U.S. production about 12 percent from 1987. Flue-cured output will rise about 15 percent to around 798 million pounds because of higher yields and increased acreage. Flue-cured areas generally experienced good growing conditions this summer. Burley production is estimated up 9 percent from 1987 because of larger acreage. Dry weather in burley areas kept yields below normal, but above last year's low levels.

U.S. tobacco use may rise from 1987/88's 1.66 billion pounds because of greater use of domestically grown tobacco in cigarette manufacturing and higher cigarette output. Exports may advance from last year's 563 million pounds farm sales weight (477 million pounds dry weight) because of lower U.S. prices, the less expensive dollar, and the relatively good quality of the 1988 flue-cured crop.

With the smaller supply, prospects for increased U.S. cigarette production boosted flue-cured auction prices from a year earlier. Sales through October 17 averaged \$1.61 a pound.

Cash receipts from the 1988 flue-cured crop may surpass last year's. Since the no-net-cost assessment was lowered this year because of declining loan stocks, growers' net returns will rise even more. [Glenn Zepp (202) 786-1883]

**For further information, contact:** Ben Huang, fruit; Shannon Hamm, vegetables; Peter Buzzanell, sweeteners; Verner Grise, tobacco. All are at (202) 786-1886.



## **Commodity Spotlights**

### **Turkey Tastes Good Throughout the Year**

Turkey, the traditional Thanksgiving and Christmas meat, will be ample for consumers this holiday season, but not at the unusual bargain prices of last year. Wholesale turkey prices have been moving higher since last May and, compared with 1987, may be up 10 percent for the year.

More than a year of low returns to growers has caused a slowdown in production. Net returns, based on ERS budgets for the sector, were negative from the third quarter of 1987 through the second quarter of 1988.

Producers had been looking forward to sufficiently high returns in the second half of last year to offset the weak returns they had experienced in the first half. However, when they endured poor returns again during second-half 1987, they scaled back production plans. Turkey output is expected to be up only 5 percent for 1988, compared with 19 for 1987 and 11 for 1986.

Turkeys once were purchased almost exclusively during the Thanksgiving and Christmas season as whole birds. Now, however, they are available in many forms throughout the year.



# U.S. Turkey Production and Its Changing Form

Year	Turkey production	Whole birds	Parts	Further processed
	Billion pounds	Percent of total		
1965	1.3	73.7	7.3	19.0
1970	1.6	57.3	12.2	30.5
1975	1.7	49.9	18.8	31.2
1980	2.3	31.0	28.1	40.9
1985	2.8	24.0	29.9	46.1
1987	3.7	18.8	36.6	44.6
1988 (est.)	3.9	--	--	--
1989 (est.)	4.1	--	--	--

## Quarterly Net Returns to Turkey Producers

	I	II	III	IV
	Cents/pound			
1984	-2.9	-0.2	5.7	22.5
1985	7.7	4.7	18.2	30.8
1986	1.3	11.7	22.0	19.9
1987	0.5	2.6	-4.0	-0.7
1988	-12.8	-10.1	--	--

## Per Capita Turkey Consumption\*

Year	Annual	1st three quarters	4th quarter
	-- Pounds --		
1960	6.2	2.7	3.5
1965	7.5	3.4	4.1
1970	8.1	4.0	4.1
1975	8.8	4.8	4.0
1980	10.5	6.5	4.0
1985	12.0	7.2	4.8
1987	15.1	9.1	6.0
1988 (est.)	16.5	10.4	6.1
1989 (est.)	16.6	10.6	6.0

\*Retail weight basis.

In 1960, 57 percent of annual turkey consumption of 6.1 pounds per person was in the fourth quarter. By 1987, per capita consumption rose to 15.1 pounds, with the additional consumption fairly evenly distributed among the four quarters. The fourth quarter is still the time for holiday turkey, but consumption in that quarter has dropped to 40 percent of the year's total.

Turkey now is being cut up and marketed throughout the year in new shapes and forms, including fresh (whole and parts), ground, smoked, turkey sausage, turkey breast, and a mixture of ground turkey and ground beef. Also, deli counters and convenience stores feature turkey ham and turkey salami in small packages.

During 1975-87, whole birds fell from one-half to one-fifth of the total turkey sold, while the shares for cut-up parts and further processed products rose from 19 to 37 percent and 31 to 44 percent, respectively.

The change in turkey's appearance at the market has dramatically affected the composition of turkey stocks. The total amount stored as parts has increased threefold over the past 13 years, while the amount stored as whole birds rose only 48 percent; total stocks increased 70 percent.

In 1975, the first year for which stock data by type are available, parts represented less than 13 percent of the total on August 31. By 1988, end-of-August stocks were more than 24 percent parts. From 1987 to 1988, August 31 holdings

of parts rose 11 percent while whole bird stocks dropped 3 percent.

Lower whole bird stocks, reduced production, and strong demand will combine to keep turkey prices above a year earlier over the holiday period. [Lee Christensen and Bob Bishop (202) 786-1714]

## The Changing Cigarette Dollar

About \$33.5 billion was spent on cigarettes in the United States in 1987. This was a little over 1 percent of U.S. consumers' disposable income, about the same proportion spent on cigarettes 10 years ago. About 94 percent of U.S. expenditures for tobacco products goes for cigarettes. Of the remainder, 2 percent buys cigars and 4 percent smoking tobacco, chewing tobacco, and snuff.

Spending for cigarettes is double what it was 10 years ago. But the rise reflects higher prices, not more use. U.S. consumption has fallen 10 percent from its peak of 640 billion cigarettes in 1981. Retail cigarette prices, on the other hand, have risen about 90 percent since 1980.

The big jump in cigarette prices stems from rising manufacturer and wholesale prices, and from hikes in Federal, State, and local taxes. Wholesale prices of filter-tipped cigarettes (excluding excise taxes) rose about 135 percent from mid-1980 to mid-1987.

The price boosts cover increased manufacturing costs and also maintain or enhance manufacturers' profits, which have been under pressure from declining domestic sales. Because the decline in cigarettes consumed is usually small relative to the increase in price, a boost in price generally results in larger revenues.

## Taxes Take More Than One-Fourth of Cigarette Spending

Cigarette excise taxes totaled about \$9.7 billion in 1987, compared with \$6.6 billion in 1980. Federal taxes made up 49 percent of the total, with State and local governments taking the rest.

In 1987, excise taxes (Federal, State, and local) took 29 percent of total consumer

# Total Expenditures, Farm Value, and the Marketing Bill for U.S. Cigarettes, 1980 and 1987

Year	Consumer expenditures	Farm value 1/	Marketing bill			Excise taxes		
			Manufacturing 2/	Wholesaling-retailing 3/	Total	Federal	State & local	Total
\$ million								
1980	19,400	1,445	6,839	4,583	11,392	2,609	3,954	6,563
1987	33,560	1,346	14,910	7,619	22,529	4,732	4,953	9,685

1/ Estimated by multiplying quantities of domestic types of tobacco used in cigarettes consumed domestically by growers' prices the previous year. 2/ Difference between farm value and manufacturers' gross receipts from cigarettes, less Federal tax. 3/ Difference between manufacturers' gross receipts and consumer expenditures less tax.

expenditures on cigarettes, down from 34 percent in 1980 despite the doubling of Federal excise taxes in 1983. Although tax receipts rose, the marketing bill rose faster, making taxes a smaller share.

The United States has imposed an excise tax on cigarettes since 1862, and since 1969 all States also have imposed such taxes. In addition, an increasing number of local governments tax cigarettes.

Iowa imposed the first State cigarette tax in 1921. By 1950, 40 States and the District of Columbia taxed cigarettes. Rates now range from 2 cents a pack (20 cigarettes) in North Carolina to 38 cents in Minnesota, for a weighted U.S. average of about 18 cents a pack. Fifteen States levy taxes of 25 cents or more. The Federal excise tax remained at 8 cents a pack from 1951 until it doubled in 1983.

## Farmers' Share Has Fallen \$100 Million

The increase in spending on cigarettes in the 1980's has largely gone to manufacturers. The farm value of cigarette expenditures was actually \$100 million less in 1987 than in 1980.

In 1980, U.S. growers received 7.5 cents of the consumer cigarette dollar, but in 1987 they received only 4 cents. Meantime, the manufacturers' share rose from 35 cents to 44. The distributors' share stood at 24 cents in 1980, but retreated to 23 cents in 1987.

Federal excise taxes edged up to 14 cents of the consumer dollar in 1987, compared with 13 in 1980. Both figures are somewhat lower than the 1950's and 1960's, when Federal taxes made up 30 to 35 percent of cigarette expenditures.

The share taken by State and local taxes rose to over 20 percent in the 1970's and early 1980's, but dropped to about 15 percent in 1987.

The farm value of domestic tobacco used in cigarettes sold in the United States totaled \$1.35 billion in 1987, down 7 percent from 1980. Leaf prices averaged a little higher, but leaf use fell because of reduced cigarette production and substitution of foreign flue-cured and burley for domestic tobaccos.

Leaf use per cigarette, at 1.77 pounds per 1,000 in 1987, has not changed much in the 1980's. But leaf use is about a third lower than in 1950, and in the 1970's and 1980's there has been substitution of imported for domestic leaf. Cigarettes now make greater use of stems and tobacco sheet, have smaller diameters, and use more filter tips.

## The Cigarette Dollar: Farmers Getting Less, Manufacturers More



The U.S. marketing bill for cigarettes is divided into manufacturing and wholesaling-retailing costs. The bill is the difference between farm value and consumer expenditures, less excise taxes.

The manufacturing bill includes costs of buying foreign-grown tobacco, processing tobacco and converting it to cigarettes, packaging materials, and distributing the finished product to wholesalers and retailers. The wholesaling-retailing bill includes costs and profits of wholesalers and retailers.

The marketing bill totaled \$22.6 billion in 1987, almost double the \$11.4 billion of 1980. It steadily increased to 67 percent of consumer spending on cigarettes in 1987.

## Higher Prices, Lower Use Likely for Next Decade

Spending on tobacco products likely will continue to rise during the rest of this century. The increase will come from higher prices; consumption is expected to continue declining.

Manufacturers will face falling domestic volume and will need to raise prices to maintain profits. Tax rates of State and local governments will continue to rise. The need for additional tax revenues is mounting, and tobacco taxes, especially cigarettes, have been a mainstay of State revenue systems for many years. A growing number of local jurisdictions are looking to the same revenue source.

During the remainder of this century, all segments of the tobacco industry, including farmers, likely will receive more income. Because of revenue needs of Federal, State, and local governments, taxes on cigarettes are likely to continue to increase, but their share of total expenditures is uncertain. [Verner Grise (202) 786-1890]

## Price Patterns Diverge Among Meat Cuts

Price relationships among different wholesale meat cuts—from the same live-stock species and from different ones—vary both in seasonal pattern and in long-term trend. Generally, high-value cuts are becoming more expensive, while lower value cuts are becoming better bargains.

This can be seen by comparing price ratios. The ratios were calculated by

dividing wholesale prices for selected cuts of pork, chicken, and beef by the wholesale price of Choice beef boneless strip loin. Monthly price ratios were calculated for about 10 years. The ratios focus on seasonal patterns and long-term trends of the various cuts relative to the price of Choice beef loin while removing changes in the general level of prices.

Beef loin is a high-value product with a strong seasonal pattern. The wholesale price tends to be highest during the late spring and summer. Since last year,

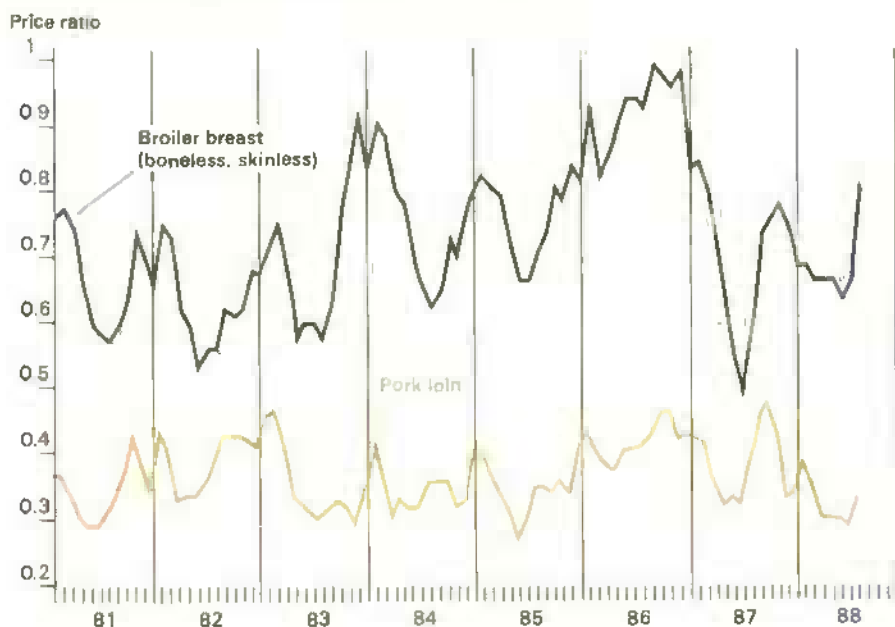
wholesale beef loin prices have advanced strongly relative to other beef, broiler, and pork cuts. Some of this unusual strength may be due to expanded Japanese imports of high-quality U.S. beef over the last few years.

Wholesale prices for pork loins and boneless broiler breasts, which are also high-value cuts, have been rising or steady relative to beef loin prices. Wholesale pork loin prices show little long-term movement relative to beef loin.

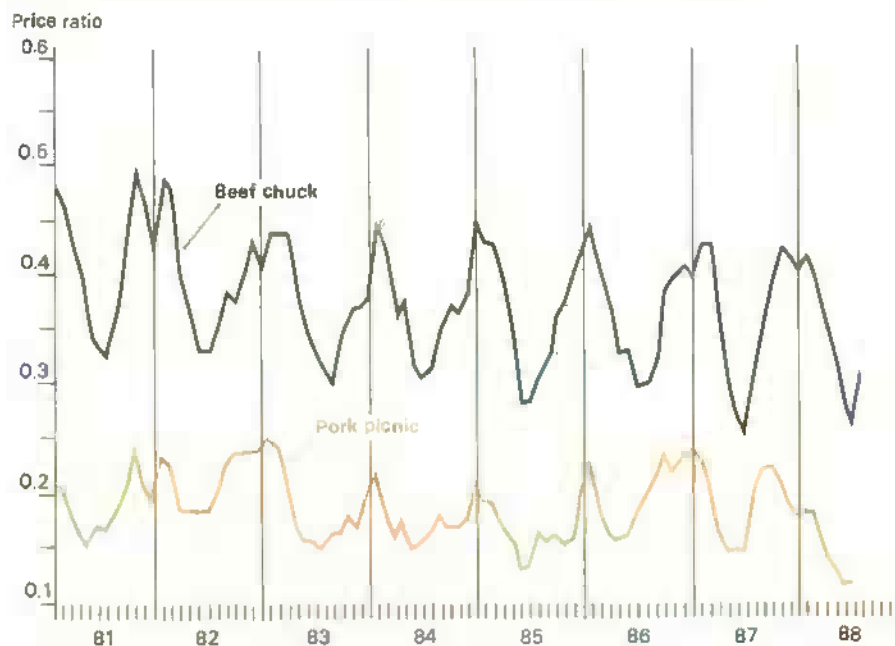
However, wholesale prices for boneless and skinless broiler breast meat trended up in relation to beef loin from a low in 1979 to a high in late 1986. Then the relative value of broiler breasts declined precipitously in 1987 when beef loin prices rose sharply.

Prices for pork picnic and beef chuck, which are considered lower value cuts, have trended downward over the past decade relative to beef loin prices. Also, the beef chuck prices show a distinct seasonal pattern, suggesting that uses for beef chuck are considerably different than for beef loin cuts. [John Ginzel (202) 786-1285]

High-Value Meat Cut Prices Strong Relative to Beef Loin



Pork Picnic & Beef Chuck Prices Trending Down Relative to Beef Loin



## Upcoming Economic Reports

### Summary Released

### November

- 1 Vegetable Yearbook
- 3 Livestock & Poultry
- 7 Fruit & Tree Nuts
- 9 World Ag. Supply & Demand
- 10 World Food Needs & Availabilities
- 16 Feed
- 18 Agricultural Outlook
- 21 Wheat
- 28 Cotton & Wool
- 29 Exports





## World Agriculture and Trade

### EXPORT UPDATE

U.S. agricultural exports probably grew \$6 billion in fiscal 1988 as the United States captured a larger share of growing world markets. Both value and volume advanced, reaching an estimated \$34 billion and 146 million metric tons.

In fiscal 1989, export volume may decline because the drought has raised prices by reducing supplies of grains and oilseeds. However, export value may rise as higher prices and continued strong exports of high-value products offset lower volume. Healthy economic growth overseas and the inexpensive dollar will help sustain exports of high-value products.

In the past 2 years, U.S. agricultural exports have grown roughly 30 percent in value and volume. The U.S. share of world agricultural trade value has rebounded from 1986's 12 percent—the lowest in over 25 years—towards its long-term average of 16 percent. Higher prices for grains, oilseeds, and other bulk products have been partly responsible.

However, most of the rebound came from increased volume resulting from improved U.S. competitiveness. A drop in support prices, the lower valued dollar,

#### Changes in Exchange Rates and U.S. Merchandise Exports

	1985	1986	1987	1988*
	Percent change from year earlier			
Exchange rates	+3	-14	-10	-6
U.S. exports	+3	+5	+15	+24

Source: The WEFA Group for 1985-87.

\*1988 based on January-September data for exchange rates and January-August data for exports.

and increased use of the Export Enhancement Program raised the U.S. share of trade in bulk agricultural products from 35 percent in the 1985/86 crop year to 45 percent in 1987/88. During 1988/89, the U.S. share probably will fall somewhat, but it should remain above 1985/86.

#### Wheat Exports Gain Most

Fiscal 1988's largest gains were in wheat and flour exports, which grew an estimated 11.4 million tons and \$1.4 billion. The EEP played a prominent role, with nearly 70 percent of exports coming under the program.

Weather was also a factor, however. Poor weather cut the size of the Soviets' 1987/88 crop and hurt the EC's 1987/88 crop quality. Weather-reduced Soviet and competitor supplies resulted in a 5-million-ton increase in U.S. wheat shipments to the USSR between fiscal 1987 and 1988.

Wheat exports to the USSR likely reached a record 9 million tons in fiscal 1988, all under the EEP. Similarly, during the first 11 months of the fiscal year, exports to China advanced about 4 million tons and those to India 1 million, again all under the EEP, following lower 1987/88 crops in those countries. Expanding consumer demand was a major reason for increased Chinese imports.

Lower priced wheat sales hold down export value. Improving world demand for grains, and shrinking stocks, boosted corn and wheat prices in U.S. and world markets in 1988. The value of U.S. corn exports rose \$18 per ton during the first 11 months of fiscal 1988. However, the value of wheat exports rose only \$5 per ton.

In fiscal 1989, the volume of U.S. wheat exports is expected to fall at least through May. The relationship between U.S. and foreign crops harvested for the 1989/90 crop year will help determine exports during the final third of the fiscal year, either offsetting the slowdown through May or exacerbating it.

U.S. wheat export prices likely will average higher than a year earlier. EEP bonuses, which are roughly the difference between U.S. market and export prices, have shrunk recently as world supplies have tightened. Higher market prices and smaller bonuses will ensure that export price gains outpace volume declines in coming months.

Coarse grains were probably the second largest source of export growth in fiscal 1988, gaining an estimated 4.7 million tons and \$1.2 billion from 1987. Smaller 1987/88 crops in Thailand, South Africa, and Eastern Europe boosted the U.S. share of world trade, as did reduced exports from China.

Leading growth markets for U.S. corn included Japan, Spain, South Korea, and Taiwan. The largest gains in grain sorghum shipments were to Venezuela, Spain, and Israel. The value of coarse grain exports was boosted by higher prices even before the drought, but postdrought increases added nearly \$400 million.

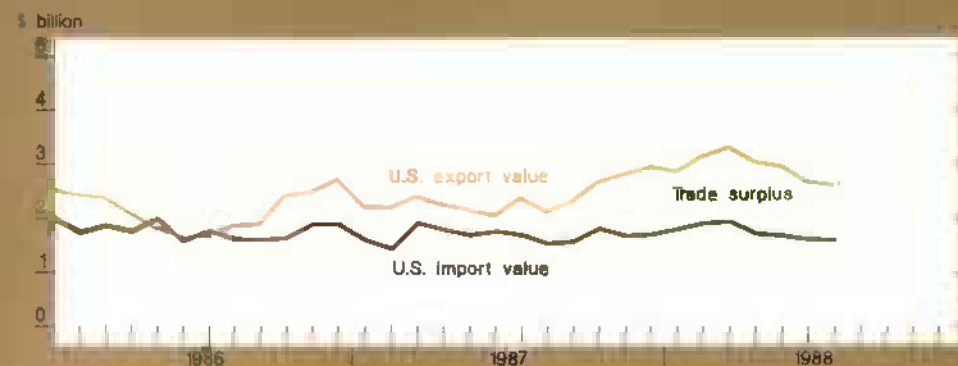
Substantial U.S. corn stocks and expanding import demand probably will hold the fiscal 1989 decline in coarse grain export volume to around 10 percent. Meanwhile, export price gains will average substantially more than the decline in volume, resulting in higher value.

Strong Southern Hemisphere competition and drought-increased U.S. prices probably reduced the volume of U.S. soybean exports during the final months of fiscal 1988. In value, though, oilseed and product exports for fiscal 1988 likely climbed \$1.3 billion above 1987, despite reduced shipments of both soybeans and meal.

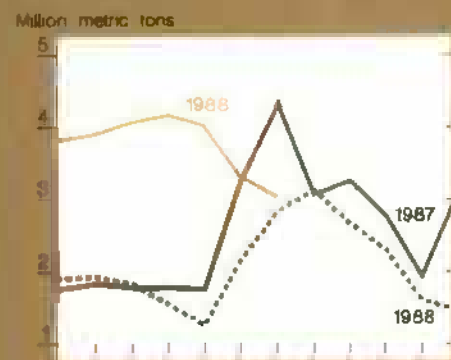
In 1989, increases in oilseed prices may about match decreases in volume, producing little change in value from 1988.

# U.S. Agricultural Trade Indicators

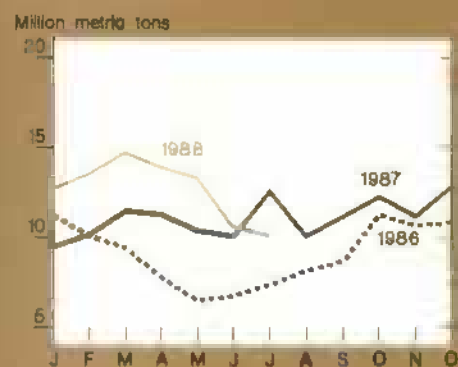
U.S. agricultural trade balance



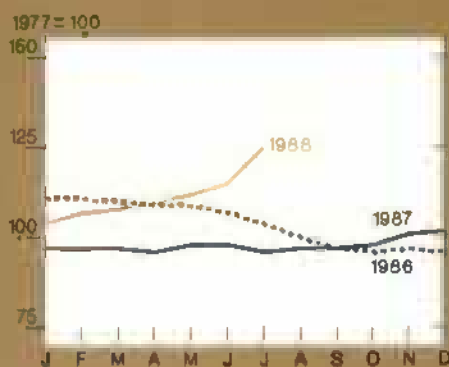
U.S. wheat exports



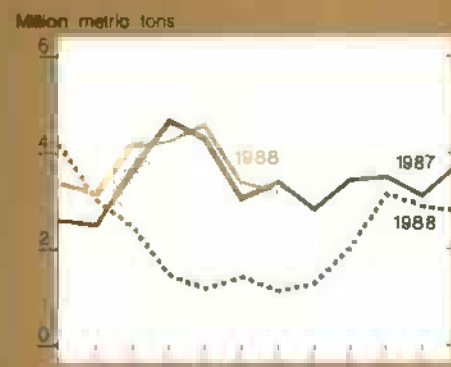
Export volume



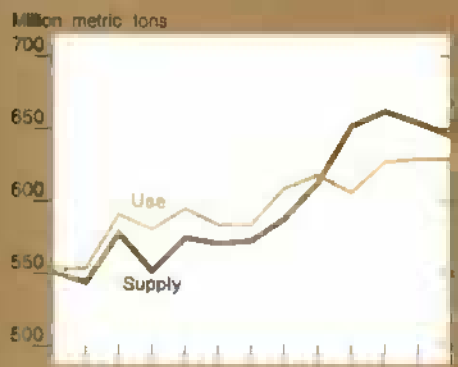
Index of export prices



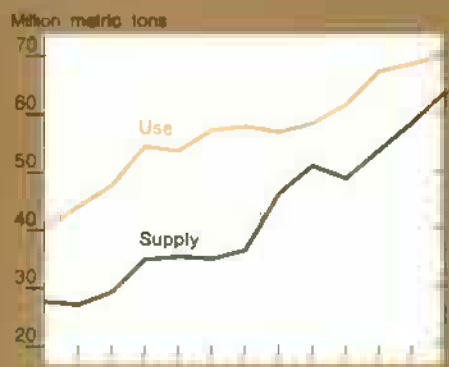
U.S. corn exports



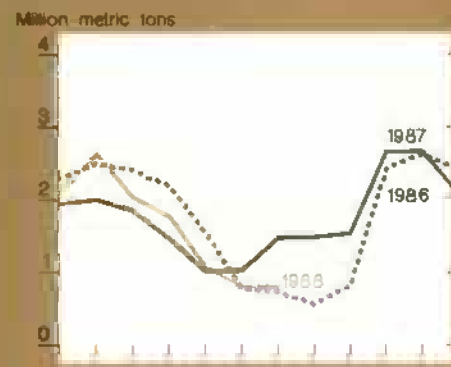
Foreign supply & use of coarse grains



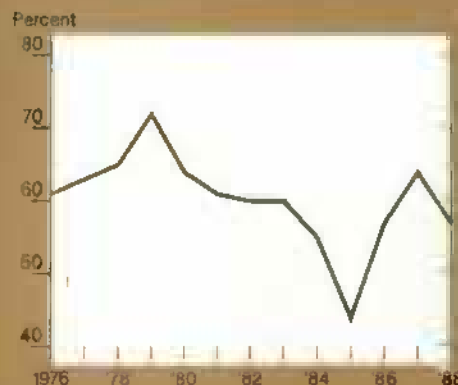
Foreign supply & use of soybeans



U.S. soybean exports



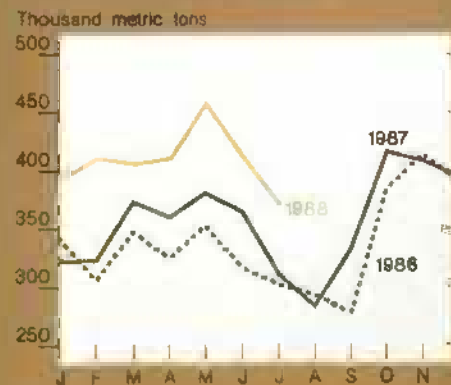
U.S. share of world coarse grains exports<sup>1,2</sup>



U.S. share of world soybean exports<sup>1,2</sup>



U.S. fruit & vegetable exports<sup>3</sup>



<sup>1</sup>Excluding intra-EC trade <sup>2</sup>October-September years

<sup>3</sup>Includes fruit juices.

## **Bulk Products Out-Performed High-Value Exports**

Sales of high-value products grew more slowly than bulk products in fiscal 1988, for the first time since 1984. Bulk product exports grew an estimated \$4.3 billion, compared with only \$1.8 billion for high-value exports. Nevertheless, at \$15.5 billion, high-value exports surpassed the record set in fiscal 1981 by \$200 million. Animal product exports climbed about \$800 million to an alltime high \$5.8 billion, while horticultural exports rose about \$350 million to a record \$3.7 billion.

High-value exports have been boosted by strong, consumption-led economic growth in major importing countries. Continuing strong consumer demand is driving economic growth above 2.5 percent in the EC, while Japan's approaches 6 percent. Foreign gains in GNP are expected to exceed 3 percent for 1988, and remain near 3 percent in 1989.

High-value exports also benefited from the relatively low value of the U.S. dollar, even though its decline was reversed during the summer of 1988. Changes in the dollar are slow in affecting trade. Also, the dollar's gain against the yen has been considerably smaller than against some other currencies.

The fact that a change in the dollar's value has a delayed impact can be illustrated by comparing changes in the real, trade-weighted exchange rate with changes in real U.S. exports. Historically, changes in exports of high-value agricultural products have been similar to changes in total U.S. merchandise exports.

The small change in the dollar's value in 1985 was followed by a small change in 1986 sales. The rapid declines in the dollar's foreign exchange value in 1986 and 1987 helped induce more exports in 1987 and 1988. This comparison suggests that the dollar's recent small gains will have little effect on 1989 exports.

After reaching a low in May 1988, the dollar rebounded 13 percent against the German mark and Dutch guilder by mid-October. However, Japan—the market accounting for nearly half the total increase in U.S. high-value exports since

fiscal 1985—saw its currency change only 7 percent against the dollar. Furthermore, Japan's domestic demand-led growth, while likely weaker in 1989, is expected to remain the highest of the developed countries at nearly 4 percent. [Stephen MacDonald (202) 786-1822]

## **CHANGES IN WORLD BEEF TRADE**

World beef trade is moving from whole animals to cuts. The trend has accelerated as Japan, a leading importer, has opened its markets a bit wider.

Earlier this year the Japanese began liberalizing their beef imports. Their import quota in 1987 was 214,000 tons, but it will be expanded by 60,000 tons per year until fiscal 1990 and then eliminated. The change in policy could shift trading patterns among countries for different types of beef.

About 70 percent of U.S. beef exports go to Japan, but Australia is Japan's largest supplier. Last year about 55 percent of Japan's imports of boneless, fresh, chilled, and frozen beef came from Australia, versus 35 percent from the United States.

Who will get Japan's additional beef business? The potential suppliers are the large exporters—the United States, New Zealand, Australia, the EC, and Argentina. However, Japan is free of hoof and mouth disease, and so will not import fresh, chilled, or frozen beef from infected countries in the EC or Latin America.

### **Japanese Buy High-Quality Middle Cuts**

The Japanese prefer high-quality middle cuts of grain-fed animals, which would suggest increased purchases from the United States. The U.S. is the only country that exports grain-fed beef in large quantities—mainly frozen, high-quality "hotel" beef.

However, Australia, which produces mainly grass-fed beef, has a small feedlot industry that supplies high-quality meat for export to Japan and for domestic consumption. This industry could expand to service the growing Japanese market if residual markets were found for the end cuts the Japanese do not purchase.

In addition, the Australians have a locational advantage that allows them to export fresh or chilled beef to Japan, as well as lower priced frozen beef.

### **More Trade in Cuts of Beef**

Most world trade in beef is in partly processed form. The forms usually traded include frozen boneless beef, fresh or chilled carcasses, and fresh vacuum-packed boxed primals. For example, the middle cuts preferred by the Japanese include ribs, loins, and sirloins. Further expansion in Japanese imports will place added upward price pressure on these cuts.

Greater demand for U.S. middle cuts is shown in the widening price gap in the U.S. market between middle cuts and end cuts as exports to Japan have increased. For example, beef loin is a highly valued middle cut. Since 1987, prices of wholesale beef loins have risen relative to prices of other beef, broiler, and pork cuts. Expanding Japanese purchases in the last few years contributed to this strength.

The shift in beef trade from whole carcasses to parts or primals reinforces specialization among countries by quality—specialization both in production and consumption (see the Commodity Spotlight "Price Patterns Diverge Among Meat Cuts" in this issue).

### **World Beef Markets Are Varied**

Quality in beef is best reflected by use. The top quality is table cuts—steaks and roasts that are used in essentially the same form as they are cut from the animal. The next quality is processed or manufacturing beef used for hamburger and other lower priced products.

Varying production methods result in three qualities of animals: concentrate-fed young animals, grass-fed young animals (up to 18 months), and old animals, including cull cows. High quality (highly marbled) beef from concentrate feeding, which is graded U.S. Choice or Prime, is produced in abundance in the United States, and, to a lesser extent, in Japan. Relatively little comes from the rest of the world.



## Profile of Beef Industry in Major Trading Nations<sup>1</sup>

	U.S.	Canada	Australia	New Zealand	Japan	EC	Argentina
<b>Size</b>							
Production	Largest	8th largest	6th largest	14th largest	13th largest	2nd largest	4th largest
Imports	Largest	6th largest			4th largest	2nd largest	
Exports	6th largest	8th largest	2nd largest	4th largest		Largest	5th largest
Exports as percent of production	2	10	55	73	0	15 <sup>2</sup>	9
Imports as percent of consumption	8	11 <sup>2</sup>	0	0	31 <sup>2</sup>	6 <sup>2</sup>	0
<b>Industry Characteristics</b>							
Herd type	Separate herds	Separate herds	Separate herds	Separate herds	Separate herds	Dairy, dual purpose	Separate herds
Type of production	Grain fed	Grain fed	Grass fed, some compound feeding	High percent grass fed, cow slaughter	Grain fed	Grass fed, some compound feeding	Grass fed
<b>Animal Characteristics</b>							
Beef breeds	Mainly European	Mainly European	Zebu-English crosses	English, Zebu-English crosses	Japanese-European	English, Continental	English
Dairy breeds	Holstein-Friesian	Holstein	Holstein	Holstein-Friesian, Jersey	Holstein	Milking Shorthorn, Friesian, Brown Swiss	Holstein
<b>Marketing System</b>							
Grade <sup>2</sup>	67 percent Prime or Choice, 16 percent Select, 17 percent Mfg.	Select or low Choice	50 percent Select, 50 percent Commercial or Utility	Select or lower, few Choice	Above Choice, Choice, Prime, Select	Select, Good	Select or lower
Form <sup>3</sup>	Boxed cuts	Boxed primals but more carcasses than U.S.	Domestic—carcass; export—frozen boneless	Domestic—carcass; export—frozen boneless	Carcasses & cut parts	Carcass	Domestic—carcass
<b>Policy</b>							
	Import quota & tariffs	Quota authority, countervailing duty, income support, tariffs	None	Producer-financed price smoothing	Import quota, intervention stocks, income support	Support prices, intervention stocks, customs duty, variable levy, quotas, export restitutions	Government controls on domestic prices, export taxes
<b>Hoof &amp; Mouth Status</b>							
	Free, no fresh imports from HMD regions	Free, no fresh imports from HMD regions	Free, no fresh imports from HMD regions	Free, no fresh imports from HMD regions	Free, no fresh imports from HMD regions	Ireland, UK, and Denmark HMD free	Endemic

<sup>1</sup>1986 data. <sup>2</sup>Equivalent in USDA grade. <sup>3</sup>Excluding intra-EC trade.

Most of the world's table cuts come from young, forage-fed beef that should grade low to medium U.S. Select (slight marbling) or lower. Feeding concentrates for short periods to cattle that are mostly grass-fed produces some slight to moderately marbled beef (high U.S. Select). This is common in Australia, France, Canada, and Argentina.

Older animals, including cows that produce mainly manufacturing beef, contribute to lower quality beef. The less desirable cuts from fed beef also are used for manufacturing. The United States exports high-quality fed beef, while importing live feeder cattle and manufacturing grade beef. Canada's beef imports and exports are large, but its net trade in beef is about zero.

The EC is a major beef exporter, but imports high-quality beef for the hotel trade as well as lower quality beef. Other countries demonstrate other specializations. The accompanying table shows selected characteristics of beef industries in major trading countries. [Lorna Aldrich (202) 786-1880, Linda Bailey, Terry Crawford, Bill Hahn, and Shayle Shagam]



## Resources

### CROP ACREAGE OVERVIEW

Cropland used in 1988 for crops—which includes land harvested, failed, and summer fallowed—is estimated at 328 million acres, about 2 million below last year.

U.S. cropland peaked at 387 million acres in 1981 after increasing to meet expanding exports in the 1970's. Most of the reduction since 1981 reflects idling of land under farm programs. Producers idled about 78.3 million acres in 1988. No land was idled in 1981.

When idled area is added to cropland used for crops, the total is relatively stable over time. It came to over 406 million acres in 1988, nearly the same as in the previous 2 years and less than 3 percent above 1972 and 1962.

If cropland used for pasture is added to that idled and used for crops, the total is even more stable; much, although not all, of the variation in cropland used for crops is explained by farmers' switching between crops and pasture, or by their idling cropland in Government programs. Cropland pasture, however, is measured by the Census of Agriculture, and the 1987 census is not yet available.

### Cropland Used for Crops & Cropland Idled

Region	Change				
	1981	1987	1988 1/	1981-88	1987-88
Million acres					
<b>CROPLAND USED FOR CROPS</b>					
Northeast	13.6	12.3	11.8	-1.8	-0.5
Lake States	40.3	33.3	32.9	-7.4	-0.4
Corn Belt	87.5	73.5	77.9	-9.6	4.4
No. Plains	93.5	87.0	84.6	-8.9	-2.4
Appalachian	19.4	16.3	16.2	-3.2	-0.1
Southeast	14.8	10.3	10.4	-4.4	0.1
Delta States	19.6	15.2	15.4	-4.2	0.2
So. Plains	38.0	28.2	27.8	-10.2	-0.4
Mountain	38.1	35.9	33.6	-4.5	-2.3
Pacific	22.2	18.5	17.6	-4.6	-0.9
United States 2/	387.0	330.5	328.2	-58.8	-2.3
<b>CROPLAND IDLED 3/</b>					
Northeast	0	0.9	0.9	0.9	0.0
Lake States	0	7.0	6.9	6.9	-0.1
Corn Belt	0	15.2	14.0	14.0	-1.2
No. Plains	0	19.5	21.0	21.0	1.5
Appalachian	0	2.7	3.1	3.1	0.4
Southeast	0	2.9	3.4	3.4	0.5
Delta	0	3.5	3.1	3.1	-0.4
So. Plains	0	11.7	12.1	12.1	0.4
Mountain	0	8.7	10.1	10.1	1.4
Pacific	0	3.4	3.8	3.8	0.4
United States 2/	0	75.5	78.3 4/	78.3	2.8

1/ Preliminary. 2/ Includes the 48 conterminous States. Because of rounding, regional data may not add to U.S. totals. 3/ Idled under Federal acreage reduction programs. Includes cropland idled by 0/92 and 50/92 programs. Also includes 15.7 million acres enrolled in the CRP in 1987 and 24.2 million acres in 1988. Another 1.3 million acres are enrolled in the 1989 CRP as of the February 1988 signup. 4/ This total exceeds the base acreage of program crops idled by 8.8 million nonbase acres bid into the CRP program. However, the balance of 69.6 million base acres exceeds the sum of the set-aside for the individual program crops indicated in back table 17.

### Acreage Mixed Among Regions

Regional totals in 1988 were higher than in 1987 in the Corn Belt, Delta, and Southeast, and lower in the seven remaining farm production areas. The largest gain was in the Corn Belt, where Government programs idled 1.2 million fewer acres and cropland used for crops rose by 4.4 million acres. However, because of the 1988 drought, crops also failed on 2.4 million more acres than in 1987.

Cropland increases in the Corn Belt in 1988 were primarily in wheat (1.3 million acres) and corn (0.6 million). The acreage reduction requirements for both crops were the same as in 1987. Therefore, the increases must have come from farmers not participating in Government crop programs who were encouraged by

declining stocks, a bright export outlook, and higher expected market prices.

### Area Idled by Annual Programs Is Down in 1988

Cropland idled by annual Government programs declined from 59.8 million acres (79 percent of total acres idled) in 1987 to 54.1 million (69 percent) in 1988. Annual programs took fewer acres out of production this year because of reduced set-aside requirements for oats, cotton, and rice and a smaller paid land diversion for corn, sorghum, and barley (none for oats).

However, the 5.7 million fewer acres idled under annual crop programs this year were more than offset by an additional 8.5 million acres bid into the Conservation Reserve Program (CRP); of the CRP area, 5.5 million acres were program crop base acres.

The 78.3 million acres idled under all Government programs in 1988 surpassed the previous high in 1983, and was 2.8 million more than in 1987. For 1989, an additional 1.3 million acres have been bid into the CRP. This CRP participation does not include the August 1988 signup.

### Exports Up Again in 1988

Fiscal 1988 exports likely equaled production from 107 million acres, up more than 11 percent from fiscal 1987's 96 million acres. Despite the expansion, the total was still substantially below the high of 137 million acres in 1980. Corn, wheat, and soybeans dominate U.S. agricultural exports. Export acres in fiscal 1988 probably accounted for 36 percent of all acres harvested in calendar 1987, up from 30 percent a year earlier.

U.S. agricultural exports in fiscal 1988 likely were 146 million tons, 13 percent above 1987 and 33 percent above 1986. Grains accounted for most of the increase.

### Crop Acreage Likely Higher in 1989

Tighter crop supplies this year will lead to expanded crop acreage in 1989; U.S. agricultural exports have been increasing, stocks of many crops are down, and 1988 production is down due to the

drought. With slightly lower target prices for program commodities, participation in the 1989 commodity programs might decline from 1988.

Acreage reduction (ARP) requirements for wheat program participation were cut from 27.5 percent of base acreage in 1988 to 10 percent in 1989. The feed grain program for the 1989 crop requires a 10-percent ARP for corn, grain sorghum, and barley, just half of 1988's requirement. The 5-percent ARP for 1989-crop oats is unchanged. In addition, there will not be a feed grain paid land diversion program for the 1989 crop.

Lower ARP requirements will allow program participants to expand crop acres. However, the increase likely will be partly offset by new enrollments in the CRP, which will take some additional land out of production in 1989.

[Arthur Daugherty (202) 786-1422]

### Upcoming Releases from The Agricultural Statistics Board

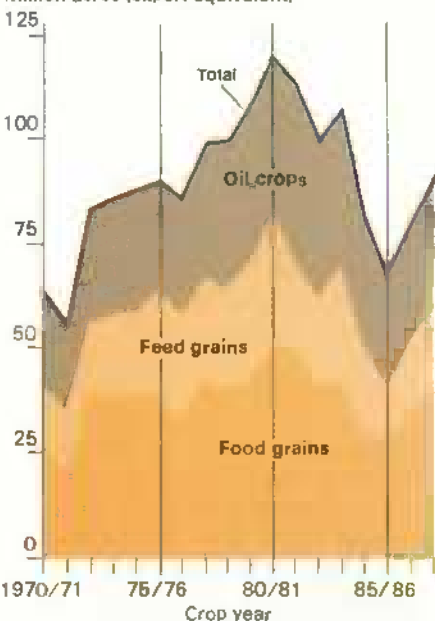
The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the December *Agricultural Outlook* comes off press.

#### November

- 2 Egg Products
- Poultry Slaughter
- 4 Celery
- Dairy Products
- 9 Crop Production
- 14 Turkey Hatchery
- Farm Labor
- 16 Milk Production
- 17 Sugar Market Statistics
- 18 Cattle on Feed
- Catfish
- 21 Cold Storage
- 23 Eggs, Chickens, & Turkeys
- 28 Peanut Stocks & Processing
- Livestock Slaughter
- 30 Agricultural Prices

### Acreage Taken by Exports Continues To Recover

Million acres (export equivalent)



## Transportation

### BARGE AND RAIL OUTLOOK

Strains on grain transportation during the first half of the year have eased.

Demand for rail and barge service, while still strong, declined during July and August as exports slackened. Rail rates have crept upward throughout the year. Following a sharp, brief reaction to the drought, barge rates have resumed their usual fluctuations, but at relatively high levels.

Although harvest pressures could create some brief, local shortages, rail and barge capacity should be ample for domestic and export needs. U.S. grain consumption (including exports) for 1988/89 is estimated at 297.3 million metric tons, 5 percent below 1987/88. However, corn exports, which place large demands on transportation facilities, may decline only 1 percent.

Given the strong demand for all modes of transportation, and substantially increased costs for barge operators, rail and barge rates are expected to remain relatively high.

### Navigation Nearly Normal

Navigation on the upper Mississippi River has nearly returned to normal; rain has restored most channels and reservoirs to navigable depths, although they



are still low. Transit times have also improved on the lower Mississippi, thanks to dredging of shoals and use of helper tow boats.

Nonetheless, the river's carrying capacity is still strained, and barge operating costs are high. Usually, a single large tow boat can handle 50 or more jumbo barges loaded to a draft of 9 or more feet.

However, the Captain of the Port of Memphis has issued a notice to mariners recommending barge drafts of no more than 8.5 feet, southbound tows of no more than 20 jumbo barges, northbound tows of only 12 loaded barges, and the use of large tow boats (5,000 horsepower or more) for tows of 16 or more barges. Unit costs for barge operators are higher than they would be if these limitations were not needed.

Grain shipments on the Illinois and Mississippi during July and August averaged 3 million tons per month, 30 percent below May (the month before navigation was impaired) and 17 percent below June.

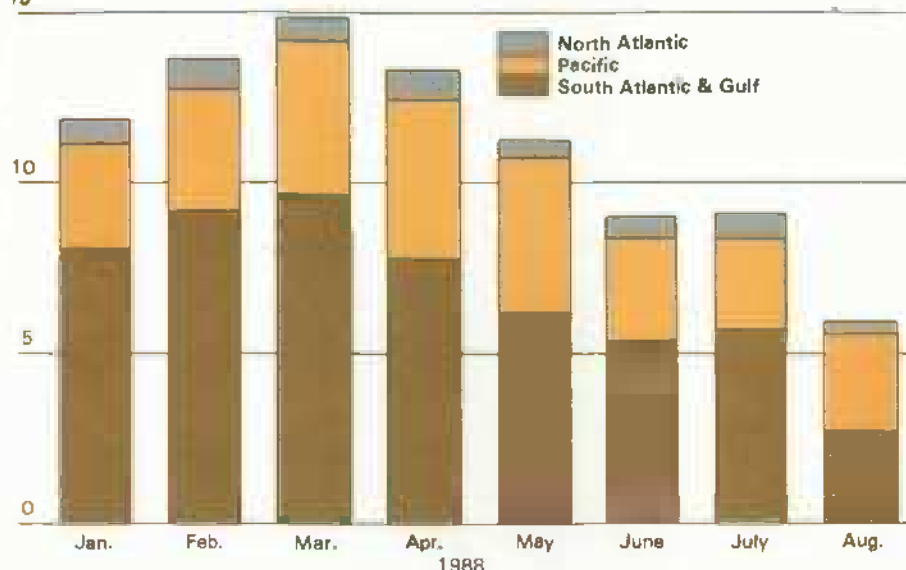
Some of the reduction stemmed from limited barge capacity, but reduced exports also contributed. Based on Inspection for Export data for June-August, monthly U.S. grain exports averaged about 20 percent below May. Exports through Mississippi ports fell 16 percent to 140 billion bushels in June, rose slightly to 144 billion in July, and then moved to 148 billion bushels in August.

During January-May, barge rates averaged 23-24 percent above 1987. But, in the last week of June, as river navigation problems became widespread, they soared. At Peoria, rates to New Orleans at the end of June averaged \$17.44 per ton, up from only \$6.37 the week before.

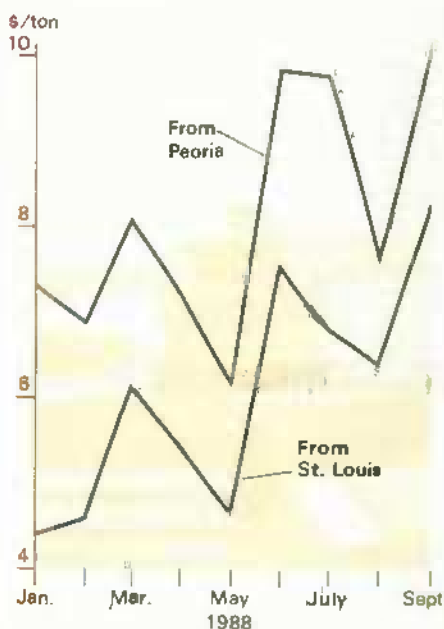
The peak was short-lived, though. Rates from Peoria for all of June averaged \$9.86 per ton, up 59 percent from May. By August, rates retreated to \$7.61, only 45 cents above the January-May average. Prospects for large corn sales to the USSR pushed rates above \$10.00 per ton again in September.

Rail Car Unloadings of Grain at Ports Dropped During Summer

1,000 cars  
15



Barge Rates to New Orleans Higher Since June



Rail Rates Climb Less Than Expected

In late June 1988, the Burlington Northern Railroad announced a series of increases to achieve "barge-competitive rates" on wheat. For shipments to New Orleans, the new rates would have amounted to an additional \$197 per car in August, and a further increase of \$276 per car in September, for a total 26-percent increase from June. For some des-

tinations the announced increases would have driven December rates more than 80 percent above June.

When announced, the rate hikes appeared likely to prevail because demand for rail service was record high and the drought had sharply curtailed barge capacity. Moreover, other railroads were expected to raise their rates by like amounts. By June, rates had risen about 5 percent above December 1987.

However, rail rates for grain remained nearly level during July and August. Preliminary data from the Bureau of Labor Statistics (BLS) show that grain rates actually fell slightly in July and only rose back to June levels in August. The reason the rate hikes did not stick was that demand for rail service dropped sharply.

During the first 6 months of 1988, an average of 32,500 cars were loaded with grain each week. In July, loadings fell to 29,678 per week. Average loadings declined further in August to 27,081, 15 percent below June.

The Interstate Commerce Commission (ICC), suggesting rail rates for voluntary compliance, has approved a 0.5-percent hike in tariff rates for fourth-quarter 1988. The increase is intended to offset anticipated higher costs. For the first two quarters, the ICC approved increases

**Grain Shipments on the Illinois Waterway & Mississippi River  
(Locks 11-22)**

Month	1981	1982	1983	1984	1985	1986	1987P	1988P
--Million tons--								
Jan.	2.7	1.2	2.7	1.0	2.0	1.8	1.2	1.9
Feb.	1.7	0.8	2.3	3.6	0.9	1.7	1.7	2.0
Mar.	3.4	2.1	3.8	4.5	3.1	2.9	3.6	3.0
Apr.	4.5	4.1	3.3	5.3	4.1	3.4	3.8	4.2
May	4.4	3.8	3.9	4.4	3.1	3.6	4.0	4.3
June	4.1	4.4	4.2	3.7	3.2	3.2	3.8	3.6
July	3.4	3.9	4.2	3.4	3.4	2.5	2.8	2.7
Aug.	4.3	5.0	4.8	3.3	3.0	3.3	3.5	3.3
Sept.	3.4	4.1	5.3	3.1	2.4	3.2	3.3	NA
Oct.	3.4	3.2	4.9	4.6	2.6	3.1	3.8	NA
Nov.	4.6	4.2	5.7	5.5	4.3	5.2	3.9	NA
Dec.	3.9	3.2	4.4	3.1	3.3	2.4	2.9	NA
Total	43.9	39.8	49.4	45.6	35.6	36.4	38.3	25.0
Monthly average	3.7	3.3	4.1	3.8	3.0	3.0	3.2	3.2

P = preliminary. NA = not available.

Source: Mississippi River Barge Traffic, U.S. Army Corps of Engineers, Rock Island District.

ports; August unloadings in the two coastal areas declined 67 and 63 percent, respectively, from January-May averages. Unloadings at Pacific ports fell only 28 percent.

Rail service for grain exports fell much more rapidly than did service for domestic shipments. Exports accounted for 39-44 percent of total grain shipments during January-April, but only 22 percent by August. The reduced loadings have created a rail car surplus.

September data reflect a seasonal upturn in grain shippers' demand for rail service. Despite the increases, car loadings during the first half of September were 10 percent less than a year earlier. Thus, the rail car supply probably was adequate for the September-October harvest.

A car shortage could reappear in November. The U.S. Army Corps of Engineers has announced that it will sharply curtail the flow of the Missouri River in mid-November, reducing water levels at St. Louis by as much as 3.5 feet. The upper Mississippi normally freezes in mid-December, which will further reduce the flow.

The resulting diversion of traffic to railroads may tax car supply. Moreover, rail rates tend to exceed barge rates, so total transportation costs probably will rise.  
[T. Q. Hutchinson (202) 786-1840]

of 4.2 and 3.5 percent, respectively. For the third quarter, a decrease of less than 1 percent was suggested.

BLS data indicate that rates have not risen to ICC-suggested levels despite the strong demand during the first half. This means that only modest increases are likely in the fourth quarter.

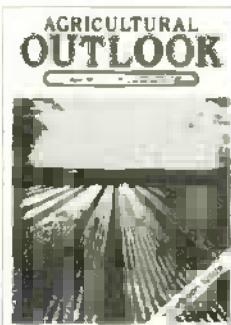
Burlington Northern's sales of certificates of transportation indicate that rail rates for October-November will be up less than 2 percent from August and rates may decline in December. Certificates

are fixed-price contracts for rail service to be supplied in future months.

### Exports Down Sharply

Much of the decline in grain loadings for rail shipments resulted from the reduced supplies of grain and the slackening of exports. During January-May 1988, 13,000 cars per week, on average, were unloaded at export points. In June, unloadings fell to 9,000 cars. By August, they averaged only 5,900 cars.

The falloff was most pronounced at South Atlantic/Gulf and North Atlantic



## ERS Database Available

### For Your Convenience:

AO Annual Yearbook data, updated in July 1988, are now available on personal computer diskettes. To order, please use the coupon provided.

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## Food and Marketing

### HIGHER CORN PRICES AND LIVESTOCK, MEAT PRICES

The price of corn at the farm gate rose from \$1.95 in May to \$2.72 in July, mostly because of the drought. The May-July increase averaged about 20 percent per month. That rise makes it timely to assess how much, and for how long, higher corn prices in the past have influenced farm livestock and retail prices for beef, pork, and poultry.

Statistical analysis can describe how prices for corn, livestock, and retail meat have moved together in the past (see the accompanying box) by shocking models for beef, pork, and poultry with a corn price rise of the average magnitude experienced in May-July.

#### *Cattle Price Impact Lasts Over 2 Years*

A rise in the corn price sends an impulse through the livestock and consumer markets, making prices there different than they otherwise would have been. In the past, a rise in the price of corn has been followed by a rise in cattle and beef prices over 4 or 5 months. After that, prices rise more slowly, start to fall, and eventually become lower than they would have been.

The cattle price decreases reach their peak strength after 19-22 months and then begin to fade. The decreases in the retail beef market are greatest a little later, between 23 and 31 months, before climbing toward zero.

Will the impulse from this year's drought follow the past pattern? Each individual situation can be expected to differ from the average historical response. For example, this year beef herd numbers are relatively low, so the slaughter induced by a higher corn price may be less than usual. Even so, the seasonally adjusted index of farm cattle prices rose by 1.5 percent to 107.6 from July to August, and by another 1.1 percent to 108.8 from August to September.

After remaining largely unchanged during June-August, the seasonally adjusted Consumer Price Index for beef and veal rose 1.1 percent in September to 114.8. Thus, this year's producer and consumer price increases are consistent with the historical relationship.

### *Hog & Pork Price Rise Persists Longer Than Cattle & Beef*

In the past, a rise in the price of corn has been followed by a rise in the prices of hogs and pork. The impulse for farm hog prices was positive for 10 months and thereafter fluctuated above and below zero, fading out altogether after about 20 months.

Consumer pork prices in the past have risen for about 19 months. The positive hog and pork price impulses have tended to be more sustained than cattle and beef price reactions, and the subsequent downward pressures more short-lived.

After this summer's spike in corn prices, the seasonally adjusted hog price index rose 2.8 percent to 76.3 in August from July, consistent with historical relationships. However, the index fell 5.5 percent in September to 72.1. Consumer pork prices also dropped in August and September.

#### **How the Model Was Constructed**

Historical movements in corn price, farm livestock prices, and consumer meat prices are summarized for beef, pork, and poultry markets using the vector autoregression (VAR) technique outlined in the October 1988 issue of *Agricultural Outlook*. For each of the three meat markets, a VAR model of the farm corn price, farm livestock price, and consumer meat price was used.

Each market price history demonstrates how a (presumably drought-induced) rise in the farm corn price historically has been associated with farm and retail livestock prices. Each gives an idea of the reaction time, indicates the direction and duration of the price impulse, and demonstrates differences in responses across commodity markets.

Monthly prices from the Bureau of Labor Statistics (BLS) were adjusted for

seasonal patterns. The corn price was measured by the producer price index (PPI) for no. 2 corn at Chicago.

Three farm livestock prices were used: the PPI's for cattle, hogs, and live poultry. All three prices are from the farm products group of BLS producer price indexes. The cattle price series is a composite for a number of different kinds of cattle, selling in different markets, and it may not always reflect any one kind (steers or cows, for example).

Only data since January 1972 were used. For pork and poultry, this poses less of a problem than for beef. With the longer biological cycle of cattle, there are fewer repetitions of the cattle cycle than of the hog cycle.

Consumer prices for beef (and veal), pork, and poultry are represented by the CPI's for these products.



## Poultry Prices Rise and Remain Higher

In the past, a rise in the price of corn has been followed by a sustained rise in the farm and retail prices of poultry. In the model, the corn price shock drives poultry prices up sharply for 4 or 5 months. The rate of increase then weakens and fades out in 8 to 14 months.

Actual poultry producer prices did not follow the historical pattern in August, when the seasonally adjusted price index for farm poultry dropped 8.2 percent from July, to 133.0, and remained at that level through September. However, the August and September producer price remained well above the May price of 116.5. The consumer poultry index rose 2.1 percent to 131.7 in August and another 1.3 percent in September to 133.4. (Data on the seasonally adjusted value of retail poultry are not available from the Bureau of Labor Statistics.)

## Length of Biological Cycle Affects Responses Across Markets

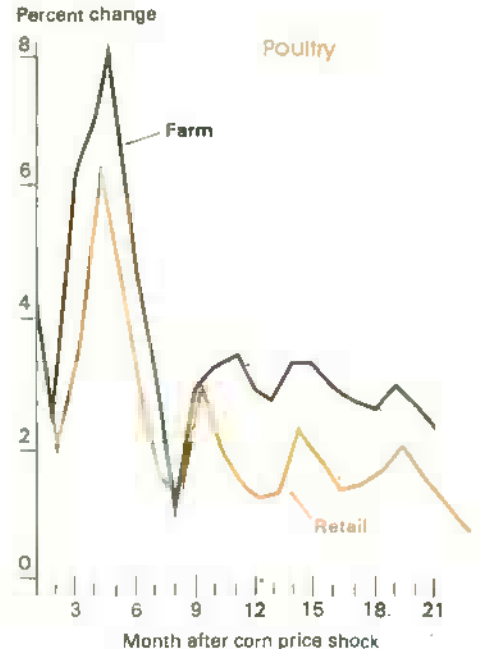
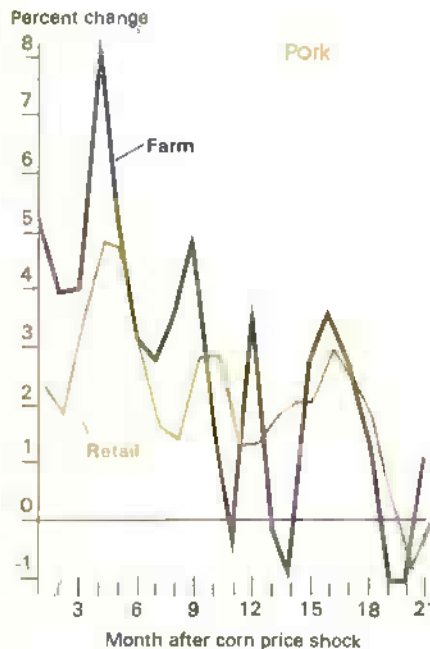
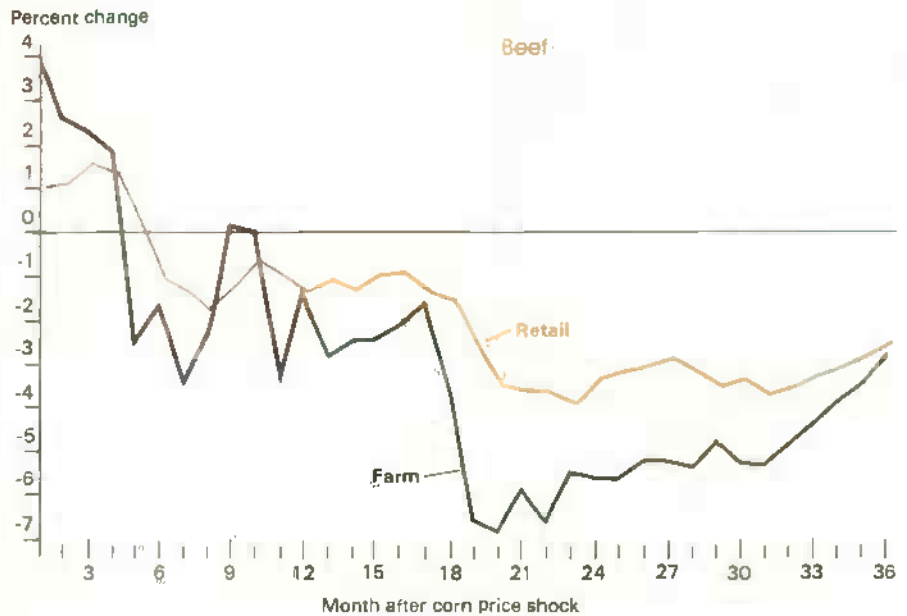
Price impulses following a higher corn price are more pronounced and more volatile for farm livestock than for consumer meat in all three markets. Corn is a major input of livestock production, so changes in corn prices have a large influence in production decisions.

In addition, the cost of corn is a smaller proportion of the consumer price of meat than of farm livestock price. Services such as packaging and butchering are added to livestock products between farm and retail. Therefore, corn prices have a less pronounced influence on consumer meat prices than on farm livestock prices.

The tendency for farm livestock and consumer meat prices to fall in response to higher feed costs is greatest for those markets with the longest biological cycles and for those animals whose slaughter is increased most in response to a change in feed costs.

Cattle and beef prices increase for 4 or 5 months and then fall for 2 or more years, eventually to levels below what they would have been. Hog prices display a

How Farm & Retail Meat Prices Respond to a Spike in Corn Price\*



\*Corn price rises 21.8 percent.

more sustained and resilient initial increase, followed by short and intermittent periods of decline. Poultry prices do not decline at all but persist above levels which would have occurred without the rise in corn price.

From the consumer's point of view, retail prices are boosted the most for poultry and reduced the most for beef. [Ronald A. Babula (202) 786-1785; David A. Bessler (409) 845-3096]



## Post-Drought Prospects for Crops: Higher Production, Low Inventories

The most severe drought on record has cut total U.S. grain production more than 30 percent. With corn production down by about a third, and spring wheat down about a half (winter wheat was much less affected by the drought), stocks of these commodities will shrink more than usual over the next 12 months.

Corn inventories, which had been more than ample, may fall almost two-thirds by the time next summer's new crop harvests begin, since exports and feed use remain relatively high. Stocks of soybeans, and of durum and other spring wheats, also will be the lowest in many years.

One measure of the drought's impact is how much grain and oilseed inventories in the United States are diminishing during the current crop year. Recovery in the next crop year can be measured by the extent of accumulation. Production of all commodities almost certainly will be much greater next year, but consumption of wheat, corn, and soybeans also will remain high, resulting in only limited increases in stocks during 1989/90.

### *Crop Yields Expected To Recover in 1989/90*

U.S. yields in 1989/90 are likely to be well above the lows of 1988/89. Since 1970, drought has struck U.S. crops five times (1970, 1974, 1980, 1983, and 1988). In all cases, yields in the following year were up significantly.

In 1971 and 1981, crop yields not only rose from the stressed levels of a year earlier but also exceeded trend expectations. Over several decades of corn production history, when yields were reduced by drought, they were up significantly the following year.

Unlike other countries, the United States has not had back-to-back droughts in at least 75 years. The USSR recently endured as many as four successive years of drought. U.S. weather history and prospects give little reason to believe that crop yields will not rebound next year.

September and October rainfall has already helped replenish badly depleted soil moisture across parts of the corn and soybean belt, and across the southeastern United States.

Long-term weather forecasts call for average to slightly above average chances for normal precipitation across much of the corn and soybean areas this fall. Even so, most of the upper Midwest and Southeast still require as much as 6-10 inches of rainfall this fall and winter to restore soil moisture to more normal levels. Temperatures are likely to be somewhat higher than normal.

### *Grain and Oilseed Area To Expand*

The Food Security Act of 1985 (as amended) outlines domestic agricultural policy through 1990 for all crops covered by annual Government programs. One provision of the act permits the Secretary of Agriculture to expand or contract the grain area based on the perceived need to build or draw down grain stocks.

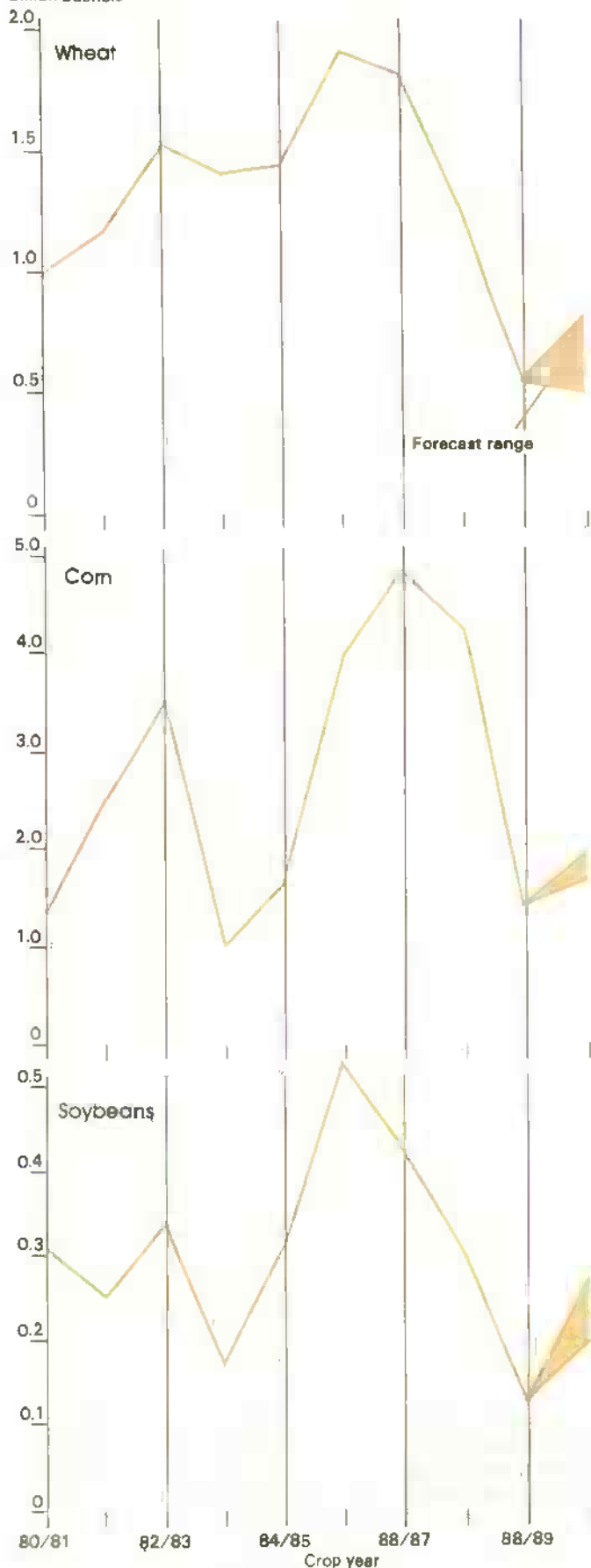
The act sets a floor or ceiling on the percent of base acreage that a farmer may be required to take out of production to participate in wheat and feed grain programs. The act sets maximum Acreage Reduction Program levels if estimated carryin stocks are below certain trigger levels, as is the case for 1989/90 crops. The wheat inventory trigger is 1 billion bushels, and the corn trigger is 2 billion. If stocks are below these triggers, the ARP requirement may not exceed 20 percent for wheat acreage and 12.5 percent for corn. Conversely, when inventories are above 1 billion bushels of wheat or 2 billion of corn, the ARP may not fall below the specified requirements.

The ARP requirements for 1988/89 were set a year ago at 27.5 percent for wheat and 20 percent for corn. USDA announced on May 30 that wheat ARP requirements would fall to 10 percent for 1989/90, and on September 30 the Secretary of Agriculture announced a 10-percent corn, sorghum, and barley ARP. The oat ARP continues at 5 percent. Both announcements make it easier for farmers to participate in crop programs, and planted area of each crop will expand sharply for 1989/90.

Provisions of the Disaster Assistance Act of 1988 permit the Secretary of Agriculture to allow farmers to plant soybeans or sunflowers on corn program acres without losing their base for future corn program calculations. This could result in a modest expansion in soybean and sunflowerseed area. Al-

## Small Recovery Seen for Carryover Stocks Next Year

Billion bushels



though soybean planted area in 1989/90 is likely to expand less than either wheat or corn, production will rise substantially.

The soybean acreage expansion will depend on prices and other policy provisions. Soybean area in the South has been declining for several years. Much of the land has returned to fallow or other uses. Recovery could begin in 1989, but it will take sustained higher prices to return Southern soybean acreage to levels of the late 1970's, when prices were high and soybean exports were booming.

Increased yields and larger planted and harvested area indicate significantly higher wheat, corn, and soybean production in 1989/90. Assuming trend yields, wheat outturn may rebound from this year's 1.8 billion bushels to around 2.5 billion, corn from 4.4 billion to 7.5-8.0, and soybeans from about 1.5 billion bushels to just under 2.0.

### Use Likely To Remain Strong

Consumption of wheat, corn, and soybeans is expected to increase in 1989/90. Domestic food, seed, and industrial uses likely will be near present levels; however, global grain and oilseed use probably will increase slightly. Only a narrow fluctuation in the trade-weighted exchange rate is forecast, and foreign economic growth is likely to approach 3 percent.

Export growth will be spurred further by increased demand from developing countries, as the value of the dollar remains relatively low. Price declines accompanying next year's harvest will make it easier for importing nations to maintain or expand purchases in 1989/90.

Not all of the trade expansion will accrue to the United States, though. Competition for the world's grain and oilseed markets may remain as intense as in recent years. The European Community will again be the major U.S. competitor.

Because of increased prices, feeding of domestic grain and oil meal to livestock is expected to be curtailed in 1988/89. Pork and poultry producers in particular have reduced expansion plans. But with lower feed prices in 1989/90, feed use will increase.

Wheat use—at around 2.6 billion bushels in 1988/89—may fall slightly in 1989/90. Corn use probably will grow from this year's 7.4 billion bushels. And soybean use could rise around 200 million bushels from this year's 1.7 billion.

### 1989/90 Ending Inventories To Change Little

Significantly increased production in 1989/90—rather than stocks of past years' crops—will be used to sustain growing consumption. Therefore, inventories may rise only slightly by the end of the crop year.

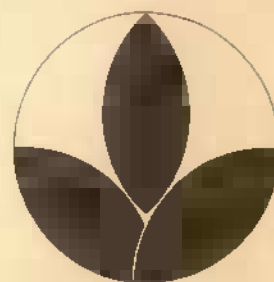
The real impact of the drought—markedly reduced stocks—will remain for some time to come. Some rebuilding of inventories that had been severely depleted in 1988/89 is expected, but gains will be small. Larger increases, if desired, will take more time. [James Cole (202) 786-1840]



# USDA ANNOUNCES OUTLOOK '89

At USDA's Outlook '89 conference, top government and private analysts will preview 1989 farm, commodity and policy prospects following this year's devastating drought. Distinguished speakers will discuss marketing techniques and strategies for agriculture. The full program, which is subject to change, appears below.

Outlook '89 takes place at USDA headquarters in Washington, D.C., Nov. 29-Dec. 1, 1988. There is no registration charge, but preregistration is advised. Audio tapes of conference sessions can be ordered in advance. To request registration packet and tape details, call (202) 447-3050 or write Outlook '89, 5143 South Bldg., USDA, Washington, D.C. 20250-3900.



**65th Agricultural  
Outlook Conference**  
Nov. 29-Dec. 1, 1988  
Washington, D.C.

## TUESDAY, NOVEMBER 29

8:30-5:00 Registration, South Building, first floor, near Auditorium

### **PLENARY** **Jefferson Auditorium** **South Building**

#### **10:00-10:15 Opening**

Moderator: Ewen Wilson, Assistant Secretary for Economics

Welcome, **Richard E. Lyng**  
Secretary of Agriculture

#### **10:15-12:00 1 Overview of 1989 Prospects**

Economic Outlook, **Wayne D. Angell**,  
Member, Board of Governors of the Federal Reserve System

U.S. and World Agricultural Outlook, **James R. Donald**

Chairperson, World Agricultural Outlook Board  
Agricultural Trade Outlook, **Richard W. Goldberg**  
Acting Under Secretary for International Affairs  
and Commodity Programs

#### **1:30-3:00 2 Commodity Marketing Opportunities and Challenges**

Moderator: Alan Tracy, Special Assistant to the President for Agricultural Trade and Food Assistance

Keynote: Commodity Marketing Opportunities and Challenges, **R. Gordon McGovern**

President and Chief Executive Officer, Campbell Soup Co.

What Tomorrow's U.S. Customers Will Want,  
**John W. Allen** and **Thomas R. Pierson**  
Professors of Agricultural Economics, Michigan State University

What Tomorrow's Foreign Customers Will Want, **Curt Beatty**  
Vice President, John A. Morrell and Co.

#### **3:15-4:00 3 Building a Marketing Strategy**

Moderator: Alan Tracy, Special Assistant to the President for Agricultural Trade and Food Assistance

Marketing Strategies for Producers, **Ronald Rakles**

Farmer and Consultant, Lincoln, Nebraska  
Marketing Strategies for Agribusiness Firms,  
speaker to be announced

#### **4:00-5:00 4 Marketing Demand and Marketing Strategies**

Panel featuring speakers from Sessions 2 and 3

#### **5:15-7:00 Reception, Patio, Administration Building**

##### **Reception**

A Conference reception will be held Tuesday, November 29, from 5:15 to 7:00 p.m. in the Patio of the Administration Building. Hors d'oeuvres will be served and a cash bar will be provided. Admission will be collected at the door.

## WEDNESDAY AND THURSDAY SCHEDULE AT A GLANCE

	<b>Jefferson Auditorium, South Building</b>	<b>Patlo, Administration Building</b>	<b>Room 107, Administration Building</b>	<b>Room 3501, South Building</b>	<b>Room 5066, South Building</b>
<b>WEDNESDAY, NOVEMBER 30</b>					
8:30	5 Food Grains	8 Cotton	11 Dairy	14 Forest Products	17 Aquaculture
9:45	6 Feed Grains	9 Sweeteners	12 Fruit/Vegetables	15 Dairy Followup	18 Cotton Followup
11:00	7 Oilseeds	10 Nutrition	13 Sweeteners Followup	16 Fruit/Vegetables Followup	19 Tobacco
12:00	Lunch				
1:30	20 Livestock Outlook	23 Grains Followup	26 Transportation	29 Family Economics	
2:45	21 Livestock Outlook	24 Oilseeds Followup	27 Water Quality	Family Economics	
4:00	22 Livestock Mk'ting. and Followup	25 Rural Development	28 Conservation	30 Food Prices	
5:00	Adjourn				

## THURSDAY, DECEMBER 1

<b>Jefferson Auditorium</b>	<b>Patlo</b>
8:30-10:35 31 Future Significance of the 1988 Drought	32 Farm Finance Outlook and Credit Restructuring
10:50 33 GATT/Trade Issues	
11:30 Farm Policy Challenges for the Next Administration	
12:30 Adjourn	

### WEDNESDAY MORNING, NOVEMBER 30

7:30-5:00 Registration, South Building, first floor, near Auditorium

#### Jefferson Auditorium South Building

8:30-9:30 5 Food Grain Outlook

Moderator: Frank Gomme, World Wheat Analyst, Foreign Agricultural Service

Food Grain Outlook, Bruce R. Weber

Agricultural Economist, Agricultural Stabilization and Conservation Service

Industry Reaction, speaker to be announced

Rice Marketing Issues, Milo C. Hamilton

Commercial Manager, Uncle Ben's, Inc.

9:45-10:45 6 Feed Grain Outlook

Moderator: Gerald R. Rector, Grains Analyst, World Agricultural Outlook Board

Feed Grain Outlook, David B. Hull

Agricultural Economist, Agricultural Stabilization and Conservation Service

Industry Reaction, speaker to be announced

Marketing Issues, Darwin E. Stoffe

President, U.S. Feed Grains Council

11:00-12:00 7 Oilseeds Outlook

Moderator: Jim L. Matthews, Oilseeds Analyst, World Agricultural Outlook Board  
Oilseeds Outlook, Philip L. Mackie

Director, Oilseeds and Products Division, Foreign Agricultural Service

Industry Reaction, Stan Pendulum

Economist, Economics and Corporate Relations, American Soybean Association

International Markets, Alan Tennesen

Vice President, Cargill, Inc.

#### Patlo Administration Building

8:30-9:30 8 Cotton Outlook

Moderator: Keith J. Collins, Director, Economic Analysis Staff

Cotton Outlook, Russell G. Barlowe

Fibers Analyst, World Agricultural Outlook Board

Price Competitiveness Issues, John M.

Montgomery, Jr.

President, American Cotton Shippers Association

Export Marketing Issues, Adrian Hunnings

Executive Director, Cotton Council International

**9:45-10:45 9 Sweeteners Outlook**

Moderator: Robert D. Barry, Head, Sweeteners  
Section, Economic Research Service  
**Sweeteners Outlook, John C. Roney**  
Specialty Crops Analyst, World Agricultural Outlook  
Board  
**Industry Reaction, William A. Cromarty**  
Vice President, Sparks Commodities, Inc.  
**Future of Corn Sweeteners, Stephen W. Vuilleumier**  
Partner, McKeany-Flavell Company, Inc.

**11:00-12:30 10 Nutrition**

Moderator: James Heimbach, Associate  
Administrator, Human Nutrition Information Service  
**Food Choices: What and Why? Barry M. Popkin**  
Professor of Nutrition, University of North Carolina  
**Eating Out: Who and Where? Pamela S. Haines**  
Assistant Professor of Nutrition, University of North  
Carolina  
**Where is the Fat; Where is the Fiber?**  
**Frances Thompson**  
Research Associate, Cornell University

**Room 107  
Administration Building**

**8:30-9:30 11 Dairy Outlook**

Moderator: Silvio Capponi, Chief, Market Information  
Branch, Agricultural Marketing Service  
**Dairy Outlook, James J. Miller**  
Agricultural Economist, Economic Research Service  
**Industry Reaction, Clifford M. Carman**  
Agricultural Economist for Corporate Development,  
Agway, Inc.  
**Dairy Marketing Issues, Bruce L. Stuart**  
Chief Executive Officer, M. E. Franks, Inc.

**9:45-10:45 12 Fruit and Vegetables Outlook**

Moderator: Charles R. Brader, Director, Fruit and  
Vegetable Division, Agricultural Marketing Service  
**Vegetable Outlook, Shannon R. Hamm**  
Agricultural Economist, Economic Research Service  
**Fruit Outlook, Ben W. Huang**  
Agricultural Economist, Economic Research Service  
**Industry Reaction, Ted Batkin**  
Manager, California Fresh Market Tomato Advisory  
Board

**11:00-12:15 13 Sweeteners Followup**

Moderator: John L. Nuttall, Chief, Sugar Group,  
Foreign Agricultural Service  
**Legislative Update**  
**Michael Warner**  
Legislative Chairman, American Sugarbeet Growers  
Association  
**Thomas C. Earley**  
Vice President, Abel, Daft & Earley  
**Followup Discussion, Speakers from**  
**Sessions 9 and 13**

**Room 3501  
South Building**

**8:30-9:30 14 Forest Products**

Moderator: Donald E. Nelson, National Program  
Leader, Wood Products Marketing, Extension  
Service  
**Timber Products Outlook, Robert B. Phelps**  
Research Forester, Forest Service  
**Issues in Timber Products Trade, James K. Freckmann**  
Director, Forest Products Division, Foreign  
Agricultural Service

**9:45-10:45 15 Dairy Followup**

Moderator: Silvio Capponi, Chief, Market Information  
Branch, Agricultural Marketing Service  
**Followup discussion, Speakers from Session 11**

**11:00-12:00 16 Fruit and Vegetable Followup**

Moderator: Charles R. Brader, Director, Fruit and  
Vegetable Division, Agricultural Marketing Service  
**Marketing Fruit and Vegetables, Anne L. Day**  
Director of Promotion and Education, United Fresh  
Fruit and Vegetable Association

**Room 5066  
South Building**

**8:30-9:30 17 Aquaculture**

Moderator: Bille Hougart, Aquaculture Program  
Manager, Cooperative State Research Service  
**Aquaculture Outlook, Michael Dicks**  
Agricultural Economist, Economic Research Service  
**Industry Reaction, Larry W. Joiner**  
Executive Vice President, Delta Catfish Processors,  
Inc.  
**Industry Reaction, Wallace R. Stevens**  
President, Ocean Products, Inc.

**9:45-10:45 18 Cotton Followup**

Moderator: Keith J. Collins, Director, Economic  
Analysis Staff  
**Farm Programs, Charles V. Cunningham**  
Leader, Fibers Group, Agricultural Stabilization and  
Conservation Service  
**Marketing Programs, Jesse F. Moore**  
Director, Cotton Division, Agricultural Marketing  
Service  
**Followup Discussion, Speakers from Sessions 8 and 18**

**11:00-12:00 19 Tobacco**

Moderator: Robert Miller, Agricultural Economist,  
Agricultural Stabilization and Conservation Service  
**Tobacco Outlook, Verner N. Grise**  
Agricultural Economist, Economic Research Service  
**Marketing Issues, Carlton Blalock**  
Executive Vice President, Tobacco Growers  
Association of North Carolina, Inc.

Agricultural Outlook I



## WEDNESDAY AFTERNOON, NOVEMBER 30

### Jefferson Auditorium South Building

#### 1:30-2:30 20 Livestock Outlook

Moderator: James E. Nix, Livestock Analyst, World  
Agricultural Outlook Board  
**Cattle Outlook, Steve Reed**  
Agricultural Economist, Economic Research Service  
**Hog Outlook, Kevin Bost**  
Agricultural Economist, Economic Research Service  
**Poultry Outlook, Mark Welmar**  
Agricultural Economist, Economic Research Service

#### 2:45-3:45 21 Livestock Outlook, Industry Reaction

Moderator: James E. Nix, Livestock Analyst, World  
Agricultural Outlook Board  
**Cattle, Tommy Beale**  
Director, Market Research, Cattle Fax  
**Hogs, Robert Brown**  
Director, Commodity Price Analysis, Wilson Foods  
Corporation  
**Poultry, John R. Pedersen**  
President, Poultry and Egg Fax

#### 4:00-5:00 22 Livestock Marketing and Followup

Moderator: Norman R. Kallemeyn, Director, Dairy,  
Livestock and Poultry Division, Foreign Agricultural  
Service  
**What's Ahead in Livestock and Meat Marketing,**  
**Patrick Luby**  
Vice President and Corporate Economist, Oscar  
Mayer Foods, Inc.  
**Followup Discussion, Speakers from Sessions 20,**  
**21 and 22**

### Patio Administration Building

#### 1:30-2:30 23 Grain Followup

Moderator: Gerald R. Rector, Grains Analyst, World  
Agricultural Outlook Board  
**Followup Discussion, Speakers from Session 5 and**  
**6**

#### 2:45-3:45 24 Oilseeds Followup

Moderator: Jim L. Matthews, Oilseeds Analyst, World  
Agricultural Outlook Board  
**Sunseed Marketing, Larry Kleingartner**  
Executive Director, National Sunflower Association  
**Farm Programs, Paul Westcott**  
Agricultural Economist, Economic Research Service  
**Followup Discussion, Speakers from**  
**Sessions 7 and 24**

#### 4:00-5:00 25 USDA's Rural Development Plan

Moderator: Roland R. Vautour, Under Secretary  
for Small Community and Rural Development  
**State-Federal Cooperation, Hon. Terry E. Branstad**  
Governor of Iowa  
**Rural Revitalization Education, Myron D. Johnsrud**  
Administrator, Extension Service

### Room 107 Administration Building

#### 1:30-2:30 26 Future Transportation Needs of Agriculture and Rural America

Moderator: Martin F. Fitzpatrick, Administrator,  
Office of Transportation  
**Highway Issues, Lester P. Lamm**  
Chairman, Highway Users Federation  
**Railroad Issues, Darius W. Gaskins, Jr.**  
President and Chief Executive Officer, Burlington  
Northern Railroad Company

#### 2:45-3:45 27 Water Quality

Moderator: David A. Farrell, National Program Leader  
for Water Quality, Agricultural Research Service  
**Defining the Water Quality Problem**  
**Christine Olsenius**  
Water Management Consultant and former Vice  
President, Freshwater Foundation  
**Thomas A. Dumper**  
Environmental Specialist, Soil Conservation Service  
**Environmental Legislation and Agricultural Impacts,**  
**Katherine Reichelderfer**  
Associate Director, Resources and Technology  
Division, Economic Research Service

#### 4:00-5:00 28 Implementing 1985 Farm Bill Conservation Provisions

Moderator: Jeffrey Zinn, Head, Oceans and Natural  
Resource Section-ENR, Congressional Research  
Service  
**Panel Discussion**  
**Milton Hertz**  
Administrator, Agricultural Stabilization and  
Conservation Service  
**Wilson Scalling**  
Chief, Soil Conservation Service  
**Dean Kleckner**  
President, American Farm Bureau Federation  
**Kenneth Cook**  
Senior Associate, The Conservation Foundation

Room 3501  
South Building

1:30-3:45 29 Family Economics

Moderator: Edward B. Knipling, Director,  
Beltsville Agricultural Research Center  
**Discretionary Income, Gordon E. Bivens**  
Professor, Department of Family Environment, Iowa  
State University  
**Saving and Dissaving in Retirement, Jeanne M.  
Hogarth**  
Associate Professor, Department of Consumer  
Economics and Housing, Cornell University  
**Housing Affordability, Jacquelyn W. McCray**  
Assistant Administrator, 1890 Agricultural Programs,  
University of Arkansas at Pine Bluff  
**Retirees' Housing and Community Choices,  
Jeannette A. Brandt**  
Associate Professor, Family Resource Management,  
Oregon State University

4:00-5:00 30 Retail Food Outlook

Moderator: Lester M. Crawford, Administrator,  
Food Safety and Inspection Service  
**Food Price Prospects, Ralph P. Parlett, Jr.**  
Agricultural Economist, Economic Research Service  
**Food-Borne Diseases, Glenn Morris**  
Associate Professor, School of Medicine, University  
of Maryland

**THURSDAY MORNING, DECEMBER 1**

8:00-12:30 Registration, South Building, first floor,  
near Auditorium

Jefferson Auditorium  
South Building

8:30-10:35 31 The Future Significance of the 1988  
Drought

Moderator: To be announced  
**The Meteorological Causes of the Drought and  
Long-term Climatic Patterns, David Rodenhuis**  
Director, Climate Analysis Center, National Oceanic  
and Atmospheric Administration  
**Implications for Agricultural Production and Stocks,  
Ewen M. Wilson**  
Assistant Secretary for Economics  
**Impact on U.S. Policies and Programs, J.B. Penn**  
Vice President, Sparks Commodities, Inc.  
**Reactors**  
**Bernard S. Wonder**  
Deputy Director, Australian Bureau of Agricultural  
and Resource Economics  
**J. Bruce Bullock**  
Chairman, Department of Agricultural Economics,  
University of Missouri  
**Questions and Answers**

Patio  
Administration Building

8:30-10:35 32 Farm Finance Outlook and Credit  
Restructuring

Moderator: John E. Lee, Jr., Administrator, Economic  
Research Service

**Farm Income and Farm Inputs**  
**Farm Finance Outlook, Gregory Hanson**  
Agricultural Economist, Economic Research Service  
**Outlook for Agricultural Inputs, Stan G. Daberkow**  
Agricultural Economist, Economic Research Service

**Revitalizing the Farm Credit System**  
**Frank W. Naylor, Jr.**  
Chairman, Farm Credit Administration  
**Eric P. Thor**  
President and Chief Executive Officer, Farm Credit  
Assistance Board  
**Restructuring Farmers Home Administration Loans,  
Glenn J. Hertzler**  
Assistant Administrator, Farmer Programs, Farmers  
Home Administration

Jefferson Auditorium  
South Building

10:50-12:30 33 Closing Plenary: Trade and Policy  
Directions

Moderator: Richard E. Lyng, Secretary of Agriculture

**Status of Trade Negotiations and Trade Issues, Hon.  
Clayton Yeutter**  
U.S. Trade Representative

**Farm Policy Challenges Facing the Next  
Administration, Speaker from the new  
administration**  
**Reactors**  
**William G. Leshner**  
President, Leshner, Russell and Moos  
**Lynn Daft**  
Vice President, Abel, Daft & Earley  
**Questions and Answers**

12:30 Conference adjourns

**For Additional Information**

Call (202) 447-3050 or write Outlook '89,  
WAOB, Room 5143 South Building, USDA,  
Washington D.C. 20250-3900.

# Statistical Indicators

## Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1987	1988					1989		
	Annual	I	II	III	IV F	Annual F	I F	II F	Annual F
Prices received by farmers (1977=100)	127	130	134	143	142	137	--	--	--
Livestock & products	146	148	149	150	150	149	--	--	--
Crops	106	111	118	136	135	124	--	--	--
Prices paid by farmers, (1977=100)									
Production items	147	152	155	160	153	153	--	--	--
Commodities & services, interest, taxes, & wages	162	165	168	172	168	168	--	--	--
Cash receipts (\$ bil) 1/									
Livestock (\$ bil)	138	153	154	156	136	143-148	--	--	--
Crops (\$ bil)	76	76	76	83	77	77-79	--	--	--
	62	58	78	73	59	66-68	--	--	--
Market basket (1982-84=100)									
Retail cost	112	114	115	118	--	--	--	--	--
Farm value	97	96	99	104	--	--	--	--	--
Spread	119	123	123	126	--	--	--	--	--
Farm value/retail cost (%)	30	30	30	--	--	--	--	--	--
Retail prices (1982-84=100)									
Food	114	116	117	120	120	118	--	--	--
At home	112	114	115	118	118	116	--	--	--
Away-from home	117	120	121	123	124	122	--	--	--
Agricultural exports (\$ bil) 2/	27.9	9.4	8.7	7.4	9.0	34.0	9.0	--	--
Agricultural imports (\$ bil) 2/	20.6	5.7	5.0	4.6	5.0	20.5	5.5	--	--
Commercial production									
Red meat (mil lb)	38,442	9,665	9,682	10,153	10,043	39,543	9,588	9,370	38,110
Poultry (mil lb)	19,772	4,986	5,209	5,230	5,195	20,620	5,090	5,395	21,450
Eggs (mil doz)	5,797	1,464	1,415	1,415	1,435	5,729	1,420	1,395	5,655
Milk (bil lb)	142.5	36.1	37.8	35.6	34.3	143.8	35.3	37.5	142.2
Consumption, per capita									
Red meat and poultry (lb)	213.1	53.6	54.3	55.5	56.9	220.4	53.3	53.3	217.5
Corn beginning stocks (mil bu) 3/	4,881.7	9,768.5	7,635.2	5,835.5	4,259.6	--	--	--	--
Corn use (mil bu) 3/	7,409.8	2,134.2	1,801.3	1,576.9	--	--	--	--	--
Prices 4/									
Choice steers--Omaha (\$/cwt)	64.60	68.28	72.81	66.90	67-71	68-70	67-73	75-81	71-77
Barrows and gilts--7 mths. (\$/cwt)	51.69	44.74	45.90	44.24	38-42	43-45	41-47	45-51	43-49
Broilers--12-city (cts/lb)	47.4	45.4	55.6	66.1	53-57	55-57	50-56	53-59	51-57
Eggs--NY Gr. A large (cts/doz)	61.6	55.0	53.3	72.9	73-77	63-65	70-76	69-75	71-77
Milk--all at plant (\$/cwt)	12.51	12.23	11.43	11.80	12.60-13.20	12.00-12.20	12.10-12.90	11.50-12.30	11.95-12.75
Wheat--Kansas City HRW (\$/bu)	2.72	3.20	3.38	3.86	--	--	--	--	--
Corn--Chicago (\$/bu)	1.64	1.95	2.29	2.84	--	--	--	--	--
Soybeans--Chicago (\$/bu)	5.19	6.14	7.01	8.38	--	--	--	--	--
Cotton--Avg. spot mkt. (cts/lb)	64.3	59.1	61.5	54.6	--	--	--	--	--
	1980	1981	1982	1983	1984	1985	1986	1987	1988 F
Gross cash income (\$ bil)	143.3	146.0	150.6	150.4	155.2	156.8	152.0	160.4	163-168
Gross cash expenses (\$ bil)	109.1	113.2	112.8	113.5	116.6	110.2	100.6	103.3	106-109
Net cash income (\$ bil)	34.2	32.8	38.1	36.9	38.7	46.6	51.4	57.1	55-60
Net farm income (\$ bil)	16.1	26.9	23.5	12.7	32.2	32.3	37.5	46.3	38-43
Farm real estate values (1977=100) 5/	145	158	157	148	146	128	112	103	106

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; Sept.-Aug. annual. Use includes exports and domestic disappearance. 4/ Simple averages. 5/ Nominal values as of February 1. F = forecast. -- = not available.



# U.S. and Foreign Economic Data

**Table 2.—U.S. Gross National Product & Related Data**

	Annual			1987			1988	
	1985	1986	1987	II	III	IV	I	II R
\$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	4,014.9	4,240.3	4,526.7	4,484.2	4,568.0	4,662.8	4,724.5	4,823.8
Personal consumption expenditures	2,629.0	2,807.5	3,012.1	2,992.2	3,058.2	3,076.3	3,128.1	3,194.6
Durable goods	372.2	406.5	421.9	420.5	441.4	422.0	437.8	449.8
Nondurable goods	911.2	943.6	997.9	995.3	1,006.6	1,012.4	1,016.2	1,036.6
Clothing & shoes	156.4	167.0	178.2	176.8	180.4	181.2	180.5	183.2
Food & beverages	471.6	501.0	526.4	525.3	528.4	530.9	535.9	546.3
Services	1,345.6	1,457.3	1,592.3	1,576.4	1,610.2	1,641.9	1,674.1	1,708.2
Gross private domestic investment	643.1	665.9	712.9	698.5	702.8	764.9	763.4	758.1
Fixed investment	631.8	650.4	673.7	665.8	688.3	692.9	698.1	714.4
Change in business inventories	11.3	15.5	39.2	32.7	14.5	72.0	65.3	43.7
Net exports of goods & services	-78.0	-104.4	-123.0	-122.2	-125.2	-125.7	-112.1	-90.4
Government purchases of goods & services	820.8	871.2	924.7	915.7	932.2	947.3	945.2	961.6
1982 \$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	3,618.7	3,721.7	3,847.0	3,823.0	3,865.3	3,923.0	3,956.1	3,985.2
Personal consumption expenditures	2,354.8	2,455.2	2,521.0	2,516.6	2,545.2	2,531.7	2,559.8	2,579.0
Durable goods	355.1	385.0	390.9	391.3	406.5	387.6	401.1	410.6
Nondurable goods	847.4	879.5	890.5	889.8	891.9	890.5	892.7	893.6
Clothing & shoes	147.2	157.6	160.5	158.2	162.9	160.3	159.6	156.3
Food & beverages	435.5	448.0	450.4	450.1	449.4	449.2	451.4	453.2
Services	1,152.3	1,190.7	1,239.5	1,235.5	1,246.8	1,253.6	1,265.9	1,274.8
Gross private domestic investment	637.0	643.5	674.8	660.1	667.9	724.7	728.9	715.1
Fixed investment	628.7	628.1	640.4	632.3	654.9	657.6	662.9	679.7
Change in business inventories	9.1	15.4	34.4	27.8	13.0	67.1	66.0	35.3
Net exports of goods & services	-104.3	-137.5	-128.9	-126.0	-130.7	-126.0	-109.0	-92.6
Government purchases of goods & services	731.2	760.5	780.2	772.2	782.9	792.6	776.4	783.8
GNP implicit price deflator % change	3.0	2.7	3.3	3.5	3.1	2.4	1.7	5.5
Disposable personal income (\$ bil)	2,838.7	3,019.6	3,209.7	3,154.1	3,224.9	3,315.8	3,375.6	3,421.5
Disposable per. income (1982 \$ bil)	2,542.8	2,640.9	2,686.3	2,652.8	2,683.9	2,728.9	2,762.3	2,762.2
Per capita disposable per. income (\$)	11,861	12,496	13,157	12,947	13,204	13,543	13,760	13,919
Per capita dis. per. income (1982 \$)	10,625	10,929	11,012	10,889	10,989	11,145	11,260	11,237
U.S. population, total, incl. military abroad (mil)	239.3	241.6	243.9	243.6	244.2	244.8	245.3	245.8
Civilian population (mil)	237.0	239.4	241.7	241.4	242.0	242.6	243.1	243.6
	Annual			1987		1988		
	1985	1986	1987	Aug	May	June	July	Aug
Monthly data seasonally adjusted								
Industrial production (1977=100)	123.7	125.1	129.8	131.2	136.1	136.5	137.9	138.2
Leading economic indicators (1967=100)	168.6	179.3	189.5	191.7	191.0	193.8	192.7	193.4
Civilian employment (mil. persons)	107.2	109.6	112.4	113.0	114.2	115.0	115.1	115.2
Civilian unemployment rate (%)	7.2	7.0	6.2	6.0	5.6	5.3	5.4	5.6
Personal income (\$ bil annual rate)	3,325.3	3,531.1	3,780.0	3,803.7	4,021.4	4,044.9	4,071.3	4,078.5
Money stock-M2 (daily avg) (\$ bil) 1/	2,562.6	2,807.7	2,901.0	2,869.3	3,002.2	3,016.5	3,026.1	3,032.0
Three-month Treasury bill rate (%)	7.48	5.98	5.82	6.00	6.27	6.50	6.73	7.02
AAA corporate bond yield (Moody's) (%)	11.37	9.02	9.38	9.67	9.90	9.86	9.96	10.11
Housing starts (thou) 2/	1,742	1,805	1,621	1,583	1,393	1,465	1,485	1,436
Auto sales at retail, total (mil)	11.0	11.4	10.3	12.0	10.4	11.0	10.7	10.6
Business inventory/sales ratio	1.55	1.55	1.51	1.49	1.51	1.50	1.50	--
Sales of all retail stores (\$ bil)	115.0	121.2	125.5	129.9	132.8	133.6	133.8 P	133.5
Nondurable goods stores (\$ bil)	71.8	73.9	76.9	80.3	82.4	82.9	83.4 P	83.6
Food stores (\$ bil)	23.7	24.6	25.3	26.5	27.5	27.4	27.6 P	27.8
Eating & drinking places (\$ bil)	11.1	12.1	12.7	12.3	12.7	12.9	13.0 P	12.9
Apparel & accessory stores (\$ bil)	6.2	6.7	7.1	6.7	6.7	6.8	6.9 P	6.9

1/ Annual data as of December of the year listed. 2/ Private, including farm. R = revised. P = preliminary. -- = not available.

Information contact: James Malley (202) 786-1782.

Table 3.—Foreign Economic Growth, Inflation, &amp; Export Earnings

	Average 1970-74	Average 1975-79	1980	1981	1982	1983	1984	1985	1986	1987 P	1988 F	1989 F
Annual percent change												
Total foreign												
Real GNP	5.5	3.7	2.6	1.6	1.7	2.0	3.2	3.0	2.7	2.9	3.1	2.9
CPI	10.2	14.0	16.9	15.6	14.4	18.4	22.5	21.6	11.4	16.1	29.3	36.8
Export earnings	27.6	14.6	22.2	-2.7	-7.0	-2.6	5.6	1.6	12.5	26.7	10.7	7.1
Developed less U.S.												
Real GNP	4.8	3.1	2.4	1.4	1.1	1.9	3.4	3.3	2.4	2.9	3.2	2.6
CPI	8.4	9.4	10.9	9.6	8.0	6.0	5.1	4.7	2.7	2.6	2.7	3.2
Export earnings	23.9	14.9	17.0	-3.3	-4.3	-0.5	6.3	4.6	20.3	29.4	4.5	5.4
Centrally planned												
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.7	2.9	3.9	3.2	3.2	3.2
Export earnings	19.4	16.1	16.5	3.4	6.0	8.2	1.5	-5.1	7.3	6.7	7.7	8.0
Latin America												
Real GNP	7.4	5.1	5.3	0.7	-0.5	-2.7	3.3	3.6	3.7	2.3	0.1	2.4
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.1	179.4	86.1	136.8	271.9	350.9
Export earnings	28.2	12.8	30.1	5.3	-10.0	-0.8	6.7	-7.7	-15.5	8.6	11.1	6.7
Africa & Middle East												
Real GNP	8.9	6.4	1.3	0.0	1.4	0.1	1.1	0.0	-1.2	1.2	1.5	2.7
CPI	8.7	16.4	24.6	17.3	12.9	16.7	19.4	11.2	12.0	13.2	16.9	14.4
Export earnings	50.9	13.2	37.9	-9.2	-19.7	-17.5	-7.0	-6.8	-14.6	14.4	-0.2	7.6
Asia												
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.4	4.0	5.8	5.8	7.1	5.7
CPI	13.0	8.4	16.4	14.1	7.3	7.7	8.5	5.2	4.4	5.3	6.7	7.0
Export earnings	28.9	18.6	27.8	6.8	-0.3	3.4	13.7	-1.2	5.9	28.1	13.2	14.4

P = preliminary. F = forecast.

Information contact: Timothy Baxter (202) 786-1706.

## Farm Prices

Table 4.—Indexes of Prices Received &amp; Paid by Farmers, U.S. Average

	Annual			1987	1988				
	1985	1986	1987	Sept	Apr	May	June	July	Aug R
1977=100									
Prices received									
All farm products	128	123	127	129	130	134	137	141	144
All crops	120	107	106	105	111	117	127	133	135
Food grains	133	109	103	102	119	125	138	143	147
Feed grains & hay	122	98	85	84	100	105	127	142	138
Feed grains	122	96	81	78	95	98	126	141	137
Cotton	93	91	98	107	98	97	101	97	87
Tobacco	153	138	129	138	126	126	126	126	129
Oil-bearing crops	84	77	79	79	95	103	117	122	119
Fruit, all	180	170	182	184	160	195	179	161	181
Fresh market 1/	192	178	193	195	166	206	191	171	196
Commercial vegetables	129	130	144	128	132	115	116	126	147
Fresh market	122	123	147	127	131	108	110	122	148
Potatoes & dry beans	124	114	127	100	105	118	113	151	154
Livestock & products	136	138	146	152	148	151	147	147	152
Meat animals	142	145	163	171	172	176	168	163	168
Dairy products	131	129	129	131	119	117	116	117	122
Poultry & eggs	119	128	107	110	98	106	114	136	137
Prices paid									
Commodities & services,									
interest, taxes, & wage rates	163	159	162	--	168	--	--	172	--
Production items	151	144	147	--	155	--	--	160	--
Feed	116	108	103	--	112	--	--	147	--
Feeder livestock	154	153	179	--	197	--	--	180	--
Seed	153	148	148	--	150	--	--	150	--
Fertilizer	135	124	118	--	132	--	--	132	--
Agricultural chemicals	128	127	124	--	127	--	--	127	--
Fuels & energy	201	162	161	--	163	--	--	166	--
Farm & motor supplies	146	144	144	--	147	--	--	147	--
Autos & trucks	193	198	208	--	215	--	--	216	--
Tractors & self-propelled machinery	178	174	174	--	179	--	--	179	--
Other machinery	183	184	185	--	199	--	--	199	--
Building & fencing	136	136	137	--	137	--	--	138	--
Farm services & cash rent	150	145	146	--	150	--	--	150	--
Interest payable per acre on farm real estate debt	237	219	207	--	193	--	--	193	--
Taxes payable per acre on farm real estate	133	134	136	--	138	--	--	138	--
Wage rates (seasonally adjusted)	154	160	167	--	174	--	--	174	--
Production items, interest, taxes, & wage rates	157	150	152	--	159	--	--	162	--
Ratio, prices received to prices paid 2/	79	77	78	79	77	80	82	82	84
Prices received (1910-14=100)	585	561	578	588	594	614	627	642	657
Prices paid, etc. (Parity index) (1910-14=100)	1,120	1,096	1,115	--	1,158	--	--	1,182	--
Parity ratio (1910-14=100) 2/	52	51	52	--	51	--	--	55	--

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid. Prices paid date is quarterly and will be published in January, April, July, and October. R = revised. P = preliminary. -- = not available.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Table 5.—Prices Received by Farmers, U.S. Average

	Annual 1/			1988						
	1985	1986	1987	1987 Sept	Apr	May	June	July	Aug R	Sept P
<b>Crops</b>										
All wheat (\$/bu)	3.20	2.71	2.55	2.54	2.79	2.99	3.36	3.50	3.61	3.82
Rice, rough (\$/cwt)	7.85	5.04	4.49	4.32	8.33	7.71	7.29	7.51	7.42	7.30
Corn (\$/bu)	2.49	1.96	1.56	1.49	1.88	1.95	2.41	2.72	2.65	2.71
Sorghum (\$/cwt)	3.97	3.11	2.56	2.43	2.94	2.91	4.13	4.56	4.39	4.29
All hay, baled (\$/ton)	69.93	61.64	62.91	65.50	72.90	80.90	76.80	83.10	83.10	85.50
Soybeans (\$/bu)	5.42	5.00	5.07	5.02	6.40	6.99	8.14	8.50	8.33	8.42
Cotton, Upland (cts/lb)	56.1	54.8	59.4	64.9	59.4	58.9	61.2	58.6	52.6	52.0
Potatoes (\$/cwt)	3.92	5.03	4.47	3.89	4.09	4.66	4.23	5.70	5.92	5.17
Lettuce (\$/cwt)	10.90	11.90	14.70	16.30	9.33	7.89	10.70	7.62	13.20	11.10
Tomatoes (\$/cwt)	24.10	25.10	26.00	20.50	29.90	22.60	24.80	31.00	38.90	39.60
Onions (\$/cwt)	9.08	10.90	12.50	9.70	15.10	9.10	8.49	11.50	8.09	9.54
Dry edible beans (\$/cwt)	17.60	19.10	14.90	15.40	16.90	18.40	21.00	27.50	26.00	28.80
Apples for fresh use (cts/lb)	14.7	19.8	19.4	15.7	11.3	11.1	10.9	19.7	26.1	25.1
Pears for fresh use (\$/ton)	349.00	369.00	225.00	234.00	249.00	404.00	526.00	410.00	383.00	418.00
Oranges, all uses (\$/box) 2/	7.41	4.42	4.55	7.43	6.42	7.87	7.76	4.11	4.92	4.17
Grapefruit, all uses (\$/box) 2/	4.01	4.29	5.00	4.47	4.50	3.96	2.89	4.74	4.09	7.34
<b>Livestock</b>										
Beef cattle (\$/cwt)	54.00	52.80	61.40	63.70	69.00	69.30	65.00	63.20	65.90	66.00
Calves (\$/cwt)	62.40	60.90	78.10	85.90	93.20	93.40	84.90	87.70	90.90	89.10
Hogs (\$/cwt)	43.90	50.10	50.90	54.30	41.90	46.30	47.10	44.10	44.70	40.30
Lambs (\$/cwt)	68.10	69.10	77.90	76.80	74.80	72.60	60.20	60.00	59.80	65.20
All milk, sold to plants (\$/cwt)	12.75	12.50	12.54	12.70	11.60	11.40	11.30	11.40	11.80	12.20
Milk, manuf. grade (\$/cwt)	11.72	11.46	11.37	11.60	10.60	10.40	10.30	10.40	10.90	11.30
Broilers (cts/lb)	30.1	34.5	28.5	27.8	28.0	33.5	36.7	42.1	41.9	39.2
Eggs (cts/doz) 3/	57.4	61.2	53.8	58.2	45.5	43.1	45.7	57.8	58.1	63.8
Turkeys (cts/lb) 4/	47.2	44.4	34.2	31.3	28.4	29.7	31.6	39.4	41.6	45.7
Wool (cts/lb) 4/	63.3	66.8	91.7	93.6	153.0	165.0	161.0	133.0	128.0	111.0

1/ Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years.  
 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail.  
 4/ Average local market price, excluding incentive payments. R = revised. P = preliminary.

Information contact: National Agricultural Statistics Service (202) 447-5446.

## Producer & Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual	1987	1988							
	1987	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug
			1982-84=100							
Consumer price index, all items	113.6	114.4	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0
Consumer price index, less food	113.6	114.5	115.7	116.0	116.6	117.2	117.6	118.1	118.4	118.9
<b>All food</b>	113.5	113.8	115.7	115.7	115.9	116.6	117.0	117.6	118.8	119.4
Food away from home	117.0	117.5	119.3	119.7	120.2	120.7	121.0	121.5	122.1	122.5
Food at home	111.9	112.1	114.1	113.9	113.9	114.6	115.1	115.8	117.3	118.1
Meats 1/	109.6	112.1	110.1	110.2	110.9	110.8	111.7	113.8	113.4	113.2
Beef & veal	106.3	107.8	107.7	108.5	109.8	110.5	111.7	114.1	113.4	112.7
Pork	115.9	120.7	113.4	112.3	112.6	111.4	111.7	114.6	114.3	114.1
Poultry	112.6	112.9	108.9	108.4	109.1	110.2	114.0	120.1	129.0	131.7
Fish	129.9	130.8	137.2	137.0	136.0	139.3	136.1	136.0	138.1	137.9
Eggs	91.5	85.8	90.1	85.5	87.9	85.0	81.8	83.6	95.1	104.2
Dairy products 2/	105.9	105.7	107.4	107.3	107.2	107.1	107.4	107.2	107.6	108.2
Fats & oils 3/	108.1	108.3	108.5	109.5	110.3	110.3	111.2	111.5	112.6	114.9
Fresh fruit	132.0	131.8	130.7	132.6	133.8	139.9	146.6	143.6	147.8	150.1
Processed fruit	110.6	111.8	115.1	118.0	119.4	122.1	121.8	123.5	123.0	123.4
Fresh vegetables	121.6	114.5	143.9	133.7	125.6	127.5	124.5	121.8	127.0	125.9
Potatoes	116.0	127.6	104.6	106.2	108.5	111.2	114.7	122.2	125.7	132.0
Processed vegetables	107.1	107.9	107.2	107.6	107.9	108.4	108.6	110.0	111.3	113.9
Cereals & bakery products	114.8	115.3	118.1	118.7	118.9	119.8	120.3	120.8	122.1	124.0
Sugar & sweets	111.0	111.3	112.2	112.2	112.6	112.3	112.5	113.3	114.0	114.8
Beverages, nonalcoholic	107.5	105.9	106.9	107.7	107.7	107.8	107.5	107.1	107.2	107.0
<b>Apparel commodities less footwear</b>	109.6	108.3	109.0	108.8	113.7	116.6	115.7	113.6	111.3	111.3
Footwear	105.1	104.2	106.1	105.8	107.3	109.4	109.7	109.2	108.2	107.4
Tobacco & smoking products	133.6	135.3	140.8	142.2	142.8	142.9	143.2	143.6	147.5	148.6
Beverages, alcoholic	114.1	114.7	115.8	116.8	117.4	118.0	118.2	118.7	119.2	119.3

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter.

Information contact: Ralph Parlett (202) 786-1870.



Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1987	1988						
	1985	1986	1987	Aug	Mar	Apr	R	May	June	July	Aug
	1982=100										
Finished goods 1/	104.7	103.2	105.4	105.9	106.3	107.0		107.5	107.9	108.5	108.8
Consumer foods	104.6	107.3	109.5	109.5	110.1	110.3		111.3	112.5	113.7	113.6
Fresh fruit	108.1	112.9	112.0	107.2	106.8	105.3		103.6	112.2	115.0	108.7
Fresh & dried vegetables	99.4	97.8	103.8	94.3	98.2	98.4		96.7	90.6	104.7	103.2
Dried fruit	88.7	91.9	95.0	95.2	97.8	99.3		97.9	99.2	99.3	99.3
Canned fruit & juice	113.8	111.0	115.4	116.4	119.5	119.7		119.8	119.8	120.2	120.2
Frozen fruit & juice	118.5	103.0	113.3	113.1	131.1	129.8		130.1	131.8	130.5	130.9
Fresh veg. excl. potatoes	100.3	99.3	99.0	77.1	95.8	98.5		88.5	86.6	96.9	94.3
Canned veg. & juices	101.9	101.2	103.6	105.0	103.5	103.1		103.2	103.7	107.9	111.8
Frozen vegetables	106.5	106.6	107.3	107.5	107.0	106.8		106.4	106.6	107.1	109.2
Potatoes	101.2	104.0	120.1	122.2	111.6	97.6		124.2	89.9	104.2	108.8
Eggs	95.6	99.5	87.6	79.7	79.7	73.1		68.0	75.1	92.2	105.5
Bakery products	113.9	116.6	118.5	119.2	123.7	123.7		124.3	125.5	126.0	126.8
Meats	90.9	93.9	100.4	103.0	98.7	99.0		101.8	104.2	101.5	99.4
Beef & veal	90.3	88.1	95.5	95.5	101.0	101.4		102.4	103.8	101.0	98.4
Pork	89.1	99.9	104.9	112.4	91.9	92.5		100.0	104.1	101.2	98.6
Processed poultry	110.4	116.7	103.5	104.2	98.6	100.2		107.4	114.2	124.6	122.2
Fish	114.6	124.9	140.0	132.3	151.2	149.8		159.8	157.4	152.0	152.1
Dairy products	100.2	99.9	101.6	101.9	100.1	100.0		100.1	100.5	101.2	102.1
Processed fruits & vegetables	107.9	104.9	108.6	109.3	111.8	111.5		111.5	112.0	113.4	115.1
Shortening & cooking oil	123.9	103.3	103.9	103.1	114.3	114.8		118.5	122.8	129.5	127.6
Consumer finished goods less foods	103.3	98.5	100.7	101.8	101.5	102.6		102.9	103.0	103.7	104.1
Beverages, alcoholic	107.6	110.1	110.4	110.1	112.4	111.7		111.6	111.7	111.8	112.2
Soft drinks	107.7	109.5	111.9	112.0	113.8	114.1		114.0	113.4	113.2	113.9
Apparel	105.0	106.3	108.4	108.9	110.7	110.8		111.2	111.7	112.2	112.1
Footwear	104.7	106.8	109.4	110.3	114.0	114.1		114.3	114.8	115.5	116.0
Tobacco products	132.5	142.4	154.7	157.6	166.7	166.8		166.8	166.8	175.4	175.4
Intermediate materials 2/	102.6	99.1	101.5	102.5	104.7	105.6		106.2	107.4	108.2	108.4
Materials for food manufacturing	101.4	98.4	100.8	101.5	101.6	102.6		104.2	107.0	109.9	108.8
Flour	99.8	94.5	92.9	91.1	93.9	96.8		97.3	109.7	110.0	111.6
Refined sugar 3/	102.8	103.2	106.4	107.1	106.7	107.2		107.1	106.6	108.1	109.0
Crude vegetable oils	137.5	84.8	84.2	79.5	101.7	109.0		114.1	124.2	148.6	134.9
Crude materials 4/	95.8	87.7	93.7	96.5	94.1	95.6		97.1	98.2	97.0	97.3
Foodstuffs & feedstuffs	94.8	93.2	96.2	97.1	99.8	101.1		104.5	108.4	109.9	110.1
Fruits & vegetables 5/	102.6	103.9	106.8	99.5	101.5	101.0		99.3	99.6	108.7	105.1
Grains	96.1	79.2	71.1	63.4	80.6	82.3		82.9	103.4	111.5	109.9
Livestock	89.1	91.8	102.0	106.5	106.3	107.7		111.1	105.4	99.1	99.9
Poultry, live	117.8	129.6	101.2	111.2	96.9	97.6		112.2	130.4	156.4	145.1
Fibers, plant & animal	97.4	88.3	106.5	123.4	103.2	103.6		103.7	107.6	99.4	98.7
Fluid milk	93.6	90.9	91.9	91.1	86.7	85.4		85.3	83.8	84.9	87.1
Oilseeds	94.4	91.4	99.3	99.3	112.6	121.5		127.5	153.8	152.3	150.7
Tobacco, leaf	101.2	89.7	85.8	82.7	87.2	82.0		82.0	82.0	82.0	84.0
Sugar, raw cane	104.6	104.9	110.3	111.2	111.4	111.9		111.8	112.7	118.2	111.8
All commodities	103.1	100.1	102.8	103.8	104.9	105.8		106.5	107.4	107.8	108.0
Industrial commodities	103.7	99.9	102.6	103.7	104.7	105.6		106.1	106.5	106.7	107.1
All foods 6/	103.9	105.5	107.8	107.7	108.6	108.9		110.1	111.8	113.4	113.0
Farm products & processed foods & feeds	100.6	101.2	103.7	104.0	105.8	106.4		108.1	111.3	113.0	112.6
Farm products	95.1	92.9	95.5	95.7	98.2	99.2		101.7	106.4	108.7	108.9
Processed foods & feeds 6/	103.5	105.4	107.9	108.2	109.6	110.1		111.4	113.9	115.3	114.6
Cereal & bakery products	110.2	111.0	112.6	112.6	119.8	120.2		120.3	123.0	123.9	124.4
Sugar & confectionery	107.9	109.6	112.7	113.9	113.0	113.3		113.6	113.6	115.7	115.6
Beverages	107.7	114.5	112.5	112.3	113.9	114.1		114.0	114.0	114.2	114.5

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. 4/ Products entering market for the first time that have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). R = revised.

Information contact: Bureau of Labor Statistics (202) 523-1913.

# Farm-Retail Price Spreads

Table 8.—Farm-Retail Price Spreads

	Annual				1987	1988					
	1984	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
Market basket 1/											
Retail cost (1982-84=100)	102.9	104.1	106.3	111.6	111.9	113.5	114.2	115.0	115.5	117.3	118.4
Farm value (1982-84=100)	103.5	96.2	94.9	97.1	97.9	95.3	95.6	98.1	101.3	104.4	104.2
Farm-retail spread (1982-84=100)	102.6	108.3	112.5	119.4	119.5	123.3	124.3	124.0	123.2	124.3	126.0
Farm value-retail cost (%)	35.2	32.4	31.2	30.5	30.6	29.4	29.3	29.9	30.7	31.2	30.8
Meat products											
Retail cost (1982-84=100)	99.8	98.9	102.0	109.6	112.1	110.9	110.8	111.7	113.8	113.4	113.2
Farm value (1982-84=100)	99.4	91.3	94.3	101.2	106.3	100.2	102.0	103.2	108.3	97.5	97.5
Farm-retail spread (1982-84=100)	100.3	106.7	109.8	118.3	118.1	121.9	119.9	120.4	119.4	129.7	129.3
Farm value-retail cost (%)	50.4	46.8	46.8	46.7	48.0	45.8	46.6	46.8	48.2	43.6	43.6
Dairy products											
Retail cost (1982-84=100)	101.3	103.2	103.3	105.9	105.7	107.2	107.1	107.4	107.2	107.6	108.2
Farm value (1982-84=100)	99.2	95.2	92.6	93.3	93.5	89.3	88.1	86.5	86.3	88.0	87.6
Farm-retail spread (1982-84=100)	103.2	110.5	113.3	117.5	117.0	123.7	124.6	126.7	126.5	125.7	127.2
Farm value-retail cost (%)	47.0	44.2	43.0	42.3	42.4	40.0	39.5	38.6	38.6	39.2	38.9
Poultry											
Retail cost (1982-84=100)	107.3	106.2	114.2	112.6	112.9	109.1	110.2	114.0	120.1	129.0	131.7
Farm value (1982-84=100)	112.6	105.9	115.1	93.8	100.9	88.2	89.7	105.1	114.7	135.5	133.8
Farm-retail spread (1982-84=100)	101.1	106.6	113.3	134.2	126.7	133.1	133.9	124.2	126.3	121.5	129.3
Farm value-retail cost (%)	56.2	53.3	53.9	44.6	47.9	43.3	43.5	49.4	51.1	56.2	54.4
Eggs											
Retail cost (1982-84=100)	109.1	91.0	97.2	91.5	85.8	87.9	85.0	81.8	83.6	95.1	104.2
Farm value (1982-84=100)	110.1	85.7	92.4	76.8	70.3	70.8	61.9	56.6	62.7	84.9	86.6
Farm-retail spread (1982-84=100)	107.4	100.4	106.0	117.9	113.7	118.7	126.5	127.1	121.1	113.4	135.9
Farm value-retail cost (%)	64.8	60.5	61.0	53.9	52.6	51.7	46.8	44.4	48.2	57.4	53.4
Cereal & bakery products											
Retail cost (1982-84=100)	103.9	107.9	110.9	114.8	115.3	118.9	119.8	120.3	120.8	122.1	124.0
Farm value (1982-84=100)	102.9	94.3	76.3	71.0	67.2	83.1	83.8	86.8	94.2	97.1	98.0
Farm-retail spread (1982-84=100)	104.1	109.8	115.7	120.9	122.0	123.9	124.8	125.0	124.5	125.6	127.5
Farm value-retail cost (%)	12.1	10.7	8.4	7.6	7.1	8.6	8.6	8.8	9.6	9.7	9.8
Fresh fruits											
Retail cost (1982-84=100)	106.6	118.4	120.4	135.6	135.2	141.8	149.8	142.2	150.7	153.4	153.4
Farm value (1982-84=100)	113.7	110.8	103.8	113.9	106.0	102.2	89.8	122.9	105.0	129.6	125.5
Farm-retail spread (1982-84=100)	103.3	121.8	128.0	145.7	148.8	150.5	165.8	162.2	159.4	160.4	166.3
Farm value-retail cost (%)	33.7	29.6	27.4	26.5	24.8	23.9	20.0	25.9	23.3	27.2	25.8
Fresh vegetables											
Retail cost (1982-84=100)	108.2	103.5	107.7	121.6	114.5	125.6	127.5	124.5	121.8	127.0	125.9
Farm value (1982-84=100)	108.3	93.1	90.0	112.0	101.4	97.4	104.2	89.4	93.6	112.1	121.4
Farm-retail spread (1982-84=100)	108.2	108.9	116.8	126.5	121.2	140.3	139.5	142.6	136.3	134.7	128.2
Farm value-retail cost (%)	34.0	30.5	28.4	31.3	30.1	26.3	27.7	24.4	26.1	30.0	32.7
Processed fruits & vegetables											
Retail cost (1982-84=100)	104.3	107.0	105.3	109.0	110.0	114.3	116.0	115.9	117.6	117.8	119.2
Farm value (1982-84=100)	106.8	117.7	101.5	111.1	106.3	129.6	131.4	135.8	135.7	139.8	139.6
Farm-retail spread (1982-84=100)	103.4	103.7	106.4	108.3	111.1	109.5	111.2	110.2	112.0	110.9	112.8
Farm value-retail cost (%)	24.4	26.2	22.9	24.2	23.0	27.0	26.9	27.5	27.4	28.2	27.8
Fats & oils											
Retail cost (1982-84=100)	106.6	108.9	106.5	108.1	108.3	110.3	110.3	111.2	111.5	112.6	114.9
Farm value (1982-84=100)	124.3	104.3	76.2	74.1	72.6	93.0	95.6	100.6	108.0	132.9	115.3
Farm-retail spread (1982-84=100)	100.2	110.6	117.6	120.6	121.4	118.7	115.7	115.1	112.8	105.1	114.8
Farm value-retail cost (%)	31.3	25.8	19.2	18.4	18.0	22.7	23.3	24.3	26.1	31.8	27.0

	Annual				1987	1988					
	1984	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
Beef, Choice											
Retail price 2/ (cts/lb)	239.6	232.6	230.7	242.5	245.4	248.5	250.2	253.2	259.9	259.3	257.8
Net carcass value 3/ (cets)	147.6	135.2	133.1	145.3	142.6	154.0	156.7	164.2	158.2	144.6	150.5
Net farm value 4/ (cets)	140.0	126.8	124.4	137.9	136.3	148.6	152.4	158.6	148.1	137.9	142.9
Farm-retail spread (cets)	99.6	105.8	106.3	104.6	109.1	99.9	97.7	94.6	111.8	121.3	114.9
Carcass-retail spread 5/ (cets)	92.0	97.4	97.6	97.2	102.8	94.5	93.4	87.0	101.6	114.7	107.3
Farm-carcass spread 6/ (cets)	7.6	8.4	8.7	7.4	6.3	5.5	4.3	7.6	10.1	6.7	7.6
Farm value-retail price (%)	58	55	54	57	56	60	61	63	57	53	55
Pork											
Retail price 2/ (cets/lb)	162.0	162.0	178.4	188.4	196.2	183.3	182.9	183.6	187.9	187.4	185.5
Wholesale value 3/ (cets)	110.1	101.1	110.9	113.0	127.0	103.5	102.5	106.4	106.3	100.0	101.4
Net farm value 4/ (cets)	77.4	71.4	82.4	82.7	96.8	68.6	67.2	76.1	76.8	72.6	73.4
Farm-retail spread (cets)	84.6	90.6	96.0	105.7	99.4	114.7	115.7	107.5	111.1	114.8	112.1
Wholesale-retail spread 5/ (cets)	51.9	60.9	67.5	75.4	69.2	79.8	80.4	77.2	81.6	87.4	84.1
Farm-wholesale spread 6/ (cets)	32.7	29.7	28.3	30.3	30.2	34.9	35.3	30.3	29.5	27.4	28.0
Farm value-retail price (%)	48	44	46	44	49	37	37	41	41	39	40

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and choice yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity (beef) and wholesale quantity of live animal equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for marketing services such as fabricating, wholesaling, and in-city transportation. 5/ Represents charges for retailing and other marketing, processing, and transportation to city where consumed. 6/ Represents charges made for livestock.

Note: Annual historical data on farm-retail price spreads may be found in Food Cost Review, 1986, AER No. 574, ERS, USDA.

Information contacts: Denis Dunham (202) 786-1870; Ron Gustafson (202) 786-1286.

Table 9.—Price Indexes of Food Marketing Costs

(See the September 1988 Issue.)

Information contact: Denis Dunham (202) 786-1870

# Livestock & Products

Table 10.—U.S. Meat Supply & Use

	Beg. stocks	Pro- duc- tion 1/	Im- ports	Total supply	Ex- ports	Ship- ments	Ending stocks	Consumption		Primary market price 3/
								Total	Per capita 2/	
									Pounds	
Million pounds 4/										
Beef										
1986	420	24,371	2,129	26,919	521	52	412	25,935	78.4	57.75
1987	412	23,566	2,269	26,247	604	52	386	25,205	73.4	64.60
1988 F	386	23,391	2,375	26,152	626	61	375	25,090	72.4	68-70
1989 F	375	21,811	2,200	24,386	670	60	325	23,331	66.7	71-77
Pork										
1986	289	14,063	1,122	15,474	86	132	248	15,008	58.6	51.19
1987	248	14,374	1,195	15,817	109	124	347	15,237	59.2	51.69
1988 F	347	15,650	1,210	17,207	165	135	400	16,507	63.3	43-45
1989 F	400	15,787	1,200	17,387	130	140	300	16,817	63.6	43-49
Veal										
1986	11	524	27	562	5	1	7	550	1.9	60.89
1987	7	429	24	460	7	1	4	449	1.5	78.05
1988 F	4	412	26	442	9	1	5	427	1.4	89-91
1989 F	5	413	25	443	9	1	5	428	1.4	89-95
Lamb and mutton										
1986	13	338	41	392	2	2	13	375	1.4	70.26
1987	13	315	44	372	2	2	8	360	1.3	78.09
1988 F	8	332	55	395	1	1	9	384	1.4	66-68
1989 F	9	341	60	410	1	0	9	400	1.4	64-70
Total red meat										--
1986	733	39,296	3,319	43,348	613	187	680	41,868	140.2	--
1987	680	38,684	3,533	42,897	722	179	744	41,251	135.4	--
1988 F	745	39,785	3,666	44,149	801	198	789	42,408	138.5	--
1989 F	789	38,352	3,485	42,626	810	201	639	40,976	133.2	--
Broilers										
1986	27	14,316	0	14,342	566	149	24	13,603	56.3	56.9
1987	24	15,594	0	15,618	752	151	25	14,691	60.3	47.4
1988 F	25	16,279	0	16,304	693	142	30	15,439	62.7	55-57
1989 F	30	16,950	0	16,980	665	140	25	16,150	65.0	51-57
Mature chicken										
1986	144	627	0	771	16	3	163	589	2.4	--
1987	163	650	0	814	15	2	188	608	2.5	--
1988 F	188	640	0	828	18	3	150	656	2.7	--
1989 F	150	648	0	798	18	4	110	666	2.7	--
Turkeys										
1986	150	3,271	0	3,422	27	4	178	3,212	13.3	72.2
1987	178	3,828	0	4,006	33	4	282	3,686	15.1	57.8
1988 F	282	4,003	0	4,286	43	4	175	4,064	16.5	62-64
1989 F	175	4,170	0	4,345	36	4	175	4,130	16.6	65-71
Total poultry										
1986	321	18,215	0	18,535	609	156	365	17,405	72.0	--
1987	365	20,072	0	20,437	800	157	495	18,985	77.9	--
1988 F	495	20,923	0	21,418	755	149	355	20,159	81.9	--
1989 F	355	21,768	0	22,123	719	148	310	20,946	84.3	--
Red meat & poultry										
1986	1,054	57,511	3,319	61,883	1,223	343	1,045	59,273	212.3	--
1987	1,045	58,756	3,533	63,334	1,522	336	1,240	60,236	213.3	--
1988 F	1,240	60,708	3,666	65,613	1,556	347	1,144	62,566	220.4	--
1989 F	1,144	60,120	3,485	64,749	1,529	349	949	61,922	217.5	--

1/ Total including farm production for red meats and federally inspected plus nonfederally inspected for poultry.  
 2/ Retail weight basis. (The beef carcass-to-retail conversion factor was .74 during 1962-85. It was lowered to .73 for 1986 and to .71 for 1987 and later.) 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: Choice steers, Omaha 1,000-1,100 lb.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry. F = forecast. -- = not available.

Information contacts: Ron Gustafson, Leland Southard, or Mark Welmar (202) 786-1285.



Table 11.—U.S. Egg Supply &amp; Use

	Beg. stocks	Pro- duc- tion	Im- ports	Total supply	Ex- ports	Ship- ments	Hatch- ing use	Ending stocks	Consumption		
									Total	Per capita	Wholesale price*
Million dozen											
									No	Cts/doz	
1984	9.3	5,708.3	32.0	5,749.7	58.2	27.8	529.7	11.1	5,122.8	259.4	80.9
1985	11.1	5,688.0	12.7	5,711.8	70.6	30.3	548.1	10.7	5,052.0	253.3	66.4
1986	10.7	5,704.9	13.7	5,729.3	101.6	28.0	566.8	10.4	5,022.5	249.4	71.1
1987	10.4	5,796.5	5.6	5,812.5	111.2	25.1	595.0	14.4	5,066.7	249.3	61.6
1988 F	14.4	5,728.5	3.5	5,746.4	136.8	22.8	606.7	10.0	4,970.1	242.3	63.65
1989 F	10.0	5,655.0	4.0	5,669.0	106.0	24.0	630.0	10.0	4,899.0	236.7	71-77

\* Cartoned Grade A large eggs, New York. F = forecast.

Information contact: Robert Bishop (202) 786-1714.

Table 12.—U.S. Milk Supply & Use<sup>1</sup>

	Pro- duc- tion	Farm use	Commercial		Im- ports	Total commer- cial supply	CCC net re- movals	Commercial		All milk price 2/ \$/cwt
			Farm market- ings	Beg. stocks				Ending stocks	Disap- pear- ance	
Billion pounds										
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985	143.1	2.5	140.7	4.9	2.8	148.4	13.2	4.6	130.6	12.75
1986	143.4	2.4	141.0	4.6	2.7	148.3	10.6	4.2	133.5	12.51
1987	142.5	2.2	140.3	4.2	2.5	146.9	6.7	4.6	135.6	12.54
1988 F	144.4	2.2	142.2	4.6	2.5	149.3	8.4	4.5	136.4	12.05

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. F = forecast.

Information contact: Jim Miller (202) 786-1770.

Table 13.—Poultry &amp; Eggs

	Annual			1987		1988					
	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug	
<b>Broilers</b>											
Federally inspected slaughter, certified (mil lb)	13,569.2	14,265.6	15,502.5	1,257.0	1,400.4	1,313.5	1,367.3	1,398.0	1,234.1	1,405.4	
Wholesale price, 12-city, (cts/lb)	50.8	56.9	47.4	52.6	48.4	48.7	56.6	61.5	66.5	68.7	
Price of grower feed (\$/ton)	197	187	224	192	196	181	181	179	248	246	
Broiler-feed price ratio 1/	3.1	3.7	3.7	3.3	2.8	3.1	3.7	4.1	3.4	3.4	
Stocks beginning of period (mil lb)	19.7	26.6	23.9	24.8	32.4	35.5	40.8	39.5	40.3	43.8	
Broiler-type chicks hatched (mil) 2/	4,803.8	5,013.3	535.1	455.7	482.8	470.2	485.5	472.5	471.5	478.8	
<b>Turkeys</b>											
Federally inspected slaughter, certified (mil lb)	2,800	3,133	3,717	357.4	314.0	276.6	333.3	372.4	322.4	367.7	
Wholesale price, Eastern U.S., 8-16 lb. young hens (cts/lb)	75.5	72.2	57.8	56.0	47.0	46.9	49.3	57.1	70.8	70.5	
Price of turkey grower feed (\$/ton)	212	215	213	214	226	210	212	211	272	268	
Turkey-feed price ratio 1/	4.5	4.1	3.9	3.0	2.5	2.7	2.8	3.0	2.9	3.1	
Stocks beginning of period (mil lb)	125.3	150.2	178.2	472.7	335.1	353.3	384.4	422.4	467.3	503.2	
Poults placed in U.S. (mil)	197.8	225.4	26.5	19.9	25.0	24.6	25.3	25.9	23.9	19.3	
<b>Eggs</b>											
Farm production (mil)	68,256	68,459	69,558	5,786	5,976	5,691	5,770	5,518	5,677	5,701	
Average number of layers (mil)	277	278	280	278	278	275	272	269	268	269	
Rate of lay (eggs per layer on farms)	247	248	248	20.8	21.5	20.7	21.2	20.5	21.2	21.2	
Cartoned price, New York, grade A large (cts/doz) 3/	66.4	71.1	61.6	63.2	56.4	52.1	50.9	56.8	73.7	69.5	
Price of laying feed (\$/ton)	182	174	170	178	175	175	176	176	236	237	
Egg-feed price ratio 1/	6.3	7.0	7.6	5.6	5.8	5.2	4.9	5.2	4.9	4.9	
<b>Stocks, first of month</b>											
Shell (mil doz)	.93	.72	1.16	1.02	1.59	2.01	.42	.63	.90	.84	
Frozen (mil doz)	10.2	10.0	9.8	13.1	13.9	10.7	13.2	15.4	19.2	17.4	
Replacement chicks hatched (mil)	407	424	431	34.7	34.8	35.1	35.8	33.0	24.8	27.3	

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks is currently reported for 12 States only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Mark Weimar (202) 786-1714.

Table 14.—Dairy

	Annual			1987	1988					
	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	11.48	11.30	11.23	11.27	10.43	10.33	10.34	10.34	10.52	10.98
Wholesale prices										
Butter, Grade A Chi. (cts/lb)	141.1	144.5	140.2	148.1	131.0	131.0	131.0	133.5	135.9	135.6
Am. cheese, Wis. assembly pt. (cts/lb)	127.7	127.3	123.2	126.6	115.6	115.1	115.0	116.2	118.3	127.6
Nonfat dry milk, (cts/lb) 2/	84.0	80.6	79.3	79.6	73.0	73.1	73.4	74.2	77.1	80.6
USDA net removals										
Total milk equiv. (mil lb) 3/	13,174.1	10,628.1	6,706.0	148.9	1,091.9	1,235.8	1,226.7	550.7	248.9	240.0
Butter (mil lb)	334.2	287.6	187.3	1.0	36.1	42.7	42.4	13.1	5.2	7.8
Am. cheese (mil lb)	629.0	468.4	282.0	12.2	34.7	35.6	35.0	27.9	13.6	7.5
Nonfat dry milk (mil lb)	940.6	827.3	559.4	39.6	49.8	49.2	53.6	28.4	7.7	7.4
Milk										
Milk prod. 21 states (mil lb)	121,043	121,433	121,094	10,138	10,647	10,593	11,041	10,480	10,513	10,283
Milk per cow (lb)	13,160	13,399	13,932	1,173	1,234	1,229	1,280	1,220	1,225	1,199
Number of milk cows (thou)	9,198	9,063	8,692	8,645	8,630	8,618	8,627	8,588	8,579	8,578
U.S. milk production (mil lb)	143,147	143,381	142,462	6/11,888	6/12,563	6/12,482	6/13,010	6/12,348	6/12,356	6/12,086
Stock, beginning										
Total (mil lb)	16,704	13,695	12,867	11,746	8,462	10,787	10,457	10,535	11,149	11,277
Commercial (mil lb)	4,937	4,590	4,165	5,703	4,910	5,074	5,134	5,371	5,376	5,403
Government (mil lb)	11,767	9,105	8,702	6,042	3,552	5,712	5,323	5,164	5,772	5,874
Imports, total (mil lb) 3/	2,777	2,733	2,490	227	172	172	159	178	208	--
Commercial disappearance milk equiv. (mil lb)	130,640	133,498	135,630	12,142	11,292	11,177	11,518	11,789	12,087	--
Butter										
Production (mil lb)	1,247.8	1,202.4	1,104.1	66.4	116.3	111.7	107.9	91.7	75.9	74.2
Stocks, beginning (mil lb)	296.5	205.5	193.0	211.2	198.3	221.1	239.8	282.5	294.7	295.7
Commercial disappearance (mil lb)	918.2	922.9	902.5	77.1	73.7	76.3	57.5	84.4	70.6	--
American cheese										
Production (mil lb)	2,855.2	2,798.2	2,716.7	205.9	244.6	251.8	258.7	245.2	235.9	213.7
Stocks, beginning (mil lb)	960.5	850.2	697.1	575.3	362.0	365.4	377.0	384.0	413.0	415.8
Commercial disappearance (mil lb)	2,279.1	2,382.8	2,444.1	211.8	209.0	203.6	224.5	214.1	229.9	--
Other cheese										
Production (mil lb)	2,225.7	2,411.1	2,627.6	220.1	239.3	221.3	231.5	229.3	218.3	228.0
Stocks, beginning (mil lb)	101.4	94.1	92.0	95.4	88.4	89.0	92.7	93.4	99.4	107.4
Commercial disappearance (mil lb)	2,515.7	2,684.9	2,880.1	240.3	254.6	232.5	246.4	241.9	232.0	--
Nonfat dry milk										
Production (mil lb)	1,390.0	1,284.1	1,059.0	80.4	95.8	102.6	104.1	104.6	79.5	66.6
Stocks, beginning (mil lb)	1,247.6	1,011.1	686.8	334.7	152.2	151.1	171.4	180.5	160.4	138.5
Commercial disappearance (mil lb)	435.0	479.1	495.1	46.9	53.4	39.0	47.5	83.0	76.7	--
Frozen dessert										
Production (mil gal) 4/	1,251.0	1,248.6	1,263.4	121.8	110.4	107.9	120.1	139.0	132.0	132.3
	Annual			1987				1988		
	1985	1986	1987	I	II	III	IV	I	II	III P
Milk production (mil lb)	143,147	143,381	142,462	36,814	37,399	35,512	34,737	36,098	37,840	36,048
Milk per cow (lb)	12,994	13,260	13,786	3,340	3,617	3,453	3,375	3,509	3,691	3,528
No. of milk cows (thou)	11,016	10,813	10,334	10,424	10,339	10,283	10,291	10,286	10,252	10,219
Milk-feed price ratio 5/	1.72	1.73	1.83	1.88	1.76	1.80	1.89	1.74	1.52	1.45
Returns over concentrate 5/ costs (\$/cwt milk)	9.54	9.23	9.50	9.82	8.99	9.26	9.97	9.26	8.24	8.38

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area, high heat spray process. 3/ Milk-equivalent, fat-basis. 4/ Ice cream, ice milk, and hard sherbet. 5/ Based on average milk price after adjustment for price-support deductions. 6/ Estimated. -- = not available. P = preliminary.

Information contact: Jim Miller (202) 786-1770.

Table 15.—Wool

	Annual			1987	1988					
	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
U.S. wool price, Boston 1/ (cts/lb)	192	191	265	300	435	453	463	460	450	450
Imported wool price, Boston 2/ (cts/lb)	197	201	247	251	370	441	423	378	364	355
U.S. mill consumption, scoured										
Apparel wool (thou lb)	106,051	126,768	129,677	9,365	13,514	10,138	9,601	13,598	9,798	9,666
Carpet wool (thou lb)	10,562	9,960	13,092	1,412	1,786	1,344	1,282	1,241	1,089	1,661

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat Animals

	Annual			1987	1988					
	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
Cattle on feed (7 States)										
Number on feed (thou head) 1/	8,635	7,920	7,643	6,693	7,572	7,726	7,504	7,814	7,421	6,840
Placed on feed (thou head)	19,346	20,035	21,020	1,915	1,833	1,531	2,170	1,367	1,246	1,618
Marketings (thou head)	18,989	19,263	19,390	1,722	1,573	1,614	1,719	1,692	1,765	1,720
Other disappearance (thou head)	1,132	1,049	1,207	68	106	139	141	68	62	64
Beef steer-corn price ratio, Omaha 2/	23.3	31.0	41.0	44.0	38.4	39.3	38.6	27.9	24.5	26.2
Hog-corn price ratio, Omaha 2/	17.8	27.8	32.8	41.3	23.0	22.5	24.3	18.9	16.8	17.8
Market prices (\$/cwt)										
Slaughter cattle										
Choice steers, Omaha	58.37	57.75	64.60	64.50	71.53	72.71	75.15	70.58	65.96	67.08
Utility cows, Omaha	38.32	37.19	44.83	41.23	49.83	49.41	48.79	42.68	45.39	47.33
Choice vealers, S. St. Paul	58.28	59.92	78.74	79.22	87.50	96.41	97.66	100.88	77.50	87.50
Feeder cattle										
Choice, Kansas City, 600-700 lb.	64.56	62.79	75.36	79.38	85.20	86.50	82.88	77.38	79.08	84.65
Slaughter hogs										
Barrows & gilts, 7-markets	44.77	51.19	51.69	60.35	42.79	42.10	47.55	48.06	45.57	46.10
Feeder pigs										
S. Mo. 40-50 lb. (per head)	37.20	45.62	46.69	48.05	48.65	52.16	46.85	31.40	27.57	27.40
Slaughter sheep & lambs										
Lambs, Choice, San Angelo	68.61	69.46	78.08	71.83	83.75	76.50	72.67	59.38	59.00	57.05
Ewes, Good, San Angelo	34.02	34.78	38.62	38.67	41.17	40.17	36.38	36.30	37.83	38.20
Feeder lambs										
Choice, San Angelo	85.91	73.14	102.26	96.75	111.30	100.25	90.63	77.80	79.67	79.50
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	90.76	88.98	97.21	95.45	103.47	105.25	111.70	106.38	97.09	101.04
Canner & cutter cow beef	74.13	71.31	83.70	85.63	90.33	89.69	89.88	81.28	85.74	86.51
Pork loins, 8-14 lb. 3/	91.51	104.78	106.23	123.50	87.82	94.03	112.75	111.31	104.96	106.88
Pork bellies, 12-14 lb.	59.50	65.82	63.11	80.46	45.32	43.13	46.09	45.51	40.84	37.48
Hams, skinned, 14-17 lb.	67.50	80.01	80.96	86.15	78.35	68.27	67.70	66.51	65.90	67.16
All fresh beef retail price 4/	--	--	212.64	213.90	219.97	219.68	221.54	227.18	226.07	224.30
Commercial slaughter (thou head)*										
Cattle	36,293	37,288	35,647	3,056	2,896	2,784	2,908	3,067	2,982	3,206
Steers	16,912	17,516	17,443	1,492	1,436	1,448	1,509	1,548	1,494	1,567
Heifers	11,237	11,097	10,906	958	894	823	850	913	927	1,039
Cows	7,391	7,960	6,610	548	512	462	494	548	512	542
Bulls & stags	758	715	689	58	54	51	55	58	49	58
Calves	3,385	3,408	2,815	212	223	176	179	212	215	234
Sheep & lambs	6,165	5,635	5,200	416	548	404	427	428	405	462
Hogs	84,492	79,598	81,081	6,180	7,680	7,090	6,881	6,898	6,365	7,284
Commercial production (mil lb)										
Beef	23,557	24,213	23,405	2,007	1,925	1,842	1,918	2,024	1,982	2,162
Veal	499	509	416	30	33	28	30	34	31	35
Lamb & mutton	352	331	309	24	35	26	27	27	24	28
Pork	14,728	13,988	14,312	1,075	1,360	1,263	1,231	1,232	1,133	1,281
	Annual			1987			1988			
	1985	1986	1987	II	III	IV	I	II	III	IV
Cattle on feed (13 States)										
Number on feed (thou head) 1/	10,653	9,754	9,245	8,807	8,666	8,992	9,769	9,365	8,991	8,576
Placed on feed (thou head)	23,366	23,583	24,874	5,906	6,590	6,698	5,796	5,898	5,959	--
Marketings (thou head)	22,887	22,856	22,971	5,619	6,022	5,583	5,810	5,854	6,151	6/5,560
Other disappearance (thou head)	1,378	1,236	1,379	428	242	338	390	418	223	--
Hogs & pigs (10 States) 5/										
Inventory (thou head) 1/	42,420	41,100	39,690	38,370	40,880	43,075	42,845	41,145	44,040	45,070
Breeding (thou head) 1/	5,348	5,258	5,110	5,215	5,325	5,300	5,465	5,500	5,625	5,470
Market (thou head) 1/	37,072	35,842	34,580	33,155	35,555	37,775	37,380	35,645	38,415	39,600
Farrowings (thou head)	8,831	8,223	8,783	2,352	2,257	2,259	2,103	2,552	2,343	6/2,345
Pig crop (thou head)	67,648	63,835	68,417	18,601	17,481	17,503	16,331	19,968	17,877	--

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live weight. 3/ Beginning January 1984 prices are for 14-17 lb.; January 1986 prices are for 14-18 lb. 4/ New series estimating the composite price of all beef grades and ground beef sold by retail stores. This new series in addition to, but does not replace, the series for the retail price of Choice beef that appears in table 8. 5/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 6/ Intentions. \*Classes estimated. -- = not available.

Information contacts: Ron Gustafson or Leland Southard (202) 786-1285.



## Table 17.—Supply & Utilization<sup>1,2</sup>

	Area			Yield	Production	Total supply	Feed and residual	Other domestic use	Export	Total use	Ending stocks	Farm price
	Set aside	Planted	Harvested									
	Mil acres	Mil acres	Mil acres	Bu/acre								\$/bu
<b>Wheat</b>												
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399	3.51
1984/85	18.3	79.2	66.9	38.8	2,595	4,003	405	749	1,424	2,578	1,425	3.39
1985/86	18.8	75.6	64.7	37.5	2,425	3,866	279	767	915	1,961	1,905	3.08
1986/87*	20.2	72.1	60.7	34.4	2,092	4,018	413	780	1,004	2,197	1,821	2.42
1987/88*	27.9	65.8	55.9	37.6	2,105	3,941	300	805	1,600	2,705	1,236	2.57
1988/89*	26.5	65.7	53.3	34.0	1,812	3,083	270	835	1,450	2,555	528	3.55-3.95
<b>Rice</b>												
	Mil acres	Mil acres	Mil acres	Lb/acre				Mil cwt (rough equiv.)				\$/cwt
1983/84	1.74	2.19	2.17	4,598	99.7	172.1	--	6/54.9	70.3	125.0	46.9	8.57
1984/85	1.79	2.83	2.80	4,954	138.8	187.3	--	6/60.5	62.1	122.6	64.7	8.04
1985/86	1.24	2.51	2.49	5,414	134.9	201.8	--	6/65.8	58.7	124.5	77.3	6.53
1986/87*	1.27	2.38	2.36	5,651	133.4	213.3	--	6/76.3	85.4	161.7	51.6	3.75
1987/88*	1.26	2.35	2.33	5,482	127.7	182.3	--	6/80.8	70.0	150.8	31.5	6.95
1988/89*	.80	2.88	2.86	5,332	152.3	186.9	--	6/83.5	75.0	158.5	28.4	5.00-7.00
<b>Corn</b>												
	Mil acres	Mil acres	Mil acres	Bu/acre				Mil bu				\$/bu
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	975	1,901	6,694	1,006	3.21
1984/85	3.9	80.5	71.9	106.7	7,674	8,684	4,079	1,091	1,865	7,036	1,648	2.63
1985/86	5.4	83.4	75.2	118.0	8,877	10,536	4,095	1,160	1,241	6,496	4,040	2.23
1986/87*	12.7	76.7	69.2	119.3	8,250	12,291	4,714	1,192	1,504	7,410	4,882	1.50
1987/88*	21.6	65.7	59.2	119.4	7,064	11,950	4,746	1,224	1,720	7,690	4,260	1.94
1988/89*	21.3	67.5	56.7	80.2	4,553	8,817	4,500	1,210	1,700	7,410	1,407	2.40-2.80
<b>Sorghum</b>												
	Mil acres	Mil acres	Mil acres	Bu/acre				Mil bu				\$/bu
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.74
1984/85	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.32
1985/86	.9	18.3	16.8	66.8	1,120	1,420	664	28	178	869	551	1.93
1986/87*	2.3	15.3	13.9	67.7	938	1,489	533	15	198	746	743	1.37
1987/88*	4.1	11.8	10.6	69.9	741	1,484	573	14	235	822	663	1.70
1988/89*	3.8	10.5	9.0	60.1	541	1,204	550	15	200	765	439	2.15-2.55
<b>Barley</b>												
	Mil acres	Mil acres	Mil acres	Bu/acre				Mil bu				\$/bu
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.47
1984/85	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.29
1985/86	.7	13.2	11.6	51.0	591	846	333	169	22	523	325	1.98
1986/87*	1.8	13.1	12.0	50.8	611	942	296	174	137	606	336	1.61
1987/88*	2.9	11.0	10.0	52.6	527	876	255	174	126	555	321	1.81
1988/89*	2.8	9.7	7.4	38.2	283	624	240	175	50	465	159	2.50-2.90
<b>Oats</b>												
	Mil acres	Mil acres	Mil acres	Bu/acre				Mil bu				\$/bu
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.62
1984/85	.1	12.4	8.2	58.0	474	689	433	74	1	509	180	1.67
1985/86	.1	13.3	8.2	63.7	521	728	460	82	2	544	184	1.23
1986/87*	.4	14.7	6.9	56.3	386	603	395	73	3	471	133	1.21
1987/88*	.8	18.0	6.9	54.0	374	553	360	79	1	441	112	1.56
1988/89*	.2	14.0	5.4	39.1	211	383	215	86	1	302	81	2.50-2.85
<b>Soybeans</b>												
	Mil acres	Mil acres	Mil acres	Bu/acre				Mil bu				\$/bu
1983/84	0	63.8	62.5	26.2	1,636	1,981	7/79	983	743	1,805	176	7.83
1984/85	0	67.8	66.1	28.1	1,861	2,037	7/93	1,030	598	1,721	316	5.84
1985/86	0	63.1	61.6	34.1	2,099	2,415	7/86	1,053	740	1,879	536	5.05
1986/87*	0	60.4	58.3	33.3	1,940	2,476	7/104	1,179	757	2,040	436	4.78
1987/88*	0	58.0	57.0	33.7	1,923	2,359	7/83	1,174	800	2,057	302	6.15
1988/89*	0	58.8	56.8	26.4	1,501	1,803	7/93	1,020	565	1,678	125	7.00-9.00
<b>Soybean oil</b>												
								Mil lbs				¢/cwt
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.60
1984/85	--	--	--	--	11,468	12,209	--	9,917	1,660	11,577	632	29.50
1985/86	--	--	--	--	11,617	12,257	--	10,053	1,257	11,310	947	18.00
1986/87*	--	--	--	--	12,783	13,745	--	10,833	1,187	12,020	1,725	15.40
1987/88*	--	--	--	--	13,031	14,950	--	10,900	1,900	12,800	2,150	22.60
1988/89*	--	--	--	--	11,300	13,650	--	11,050	1,350	12,400	1,250	22.00-27.00
<b>Soybean meal</b>												
								Thou tons				¢/ton
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,975	255	188
1984/85	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86	--	--	--	--	24,951	25,338	--	19,090	6,036	25,126	212	155
1986/87*	--	--	--	--	27,758	27,970	--	20,387	7,343	27,730	240	163
1987/88*	--	--	--	--	28,060	28,300	--	21,300	6,750	28,050	250	222
1988/89*	--	--	--	--	24,250	24,500	--	20,000	4,200	24,300	300	225-275

See footnotes at end of table.

Table 17.—Supply &amp; Utilization, continued

	Area		Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total "use"	Ending stocks	Farm price 5/
	Set aside 3/	Planted										
	Mil acres		Lb/acre				Mil bales				Cts/lb	
Cotton 10/												
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	65.30
1984/85	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	58.70
1985/86	3.6	10.7	10.2	630	13.4	17.6	--	6.4	2.0	8.4	9.4	56.50
1986/87*	3.4	10.0	8.5	552	9.7	19.1	--	7.4	6.7	14.1	5.0	52.40
1987/88*	3.3	10.4	10.0	706	14.8	19.8	--	7.6	6.6	14.2	5.8	64.20
1988/89*	--	12.2	11.7	605	14.7	20.5	--	6.9	5.3	12.2	8.4	--

\*October, 12 1988 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, corn, and sorghum, October 1 for soybean meal, and soybean oil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres; 1 metric ton = 2204.622 pounds; 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Market average prices do not include an allowance for loans outstanding and Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks. -- = not available.

Information contact: Commodity Economics Division, Crops Branch (202) 786-1840.

Table 18.—Food Grains

	Marketing year 1/				1987	1988				
	1984/85	1985/86	1986/87	1987/88	Aug	Apr	May	June	July	Aug
Wholesale prices										
Wheat, No. 1 HRW										
Kansas City (\$/bu) 2/	3.74	3.28	2.72	2.96	2.65	3.14	3.20	3.79	3.77	3.78
Wheat, DNS										
Minneapolis (\$/bu) 2/	3.70	3.25	2.62	2.92	2.60	3.19	3.30	4.17	3.96	4.09
Rice, S.W. La. (\$/cwt) 3/	17.98	16.11	10.25	19.25	10.70	24.00	20.75	18.85	17.90	16.65
Wheat										
Exports (mil bu)	1,424	915	1,004	1,592	118	156	154	129	120	114
Mill grind (mil bu)	676	703	755	753	66	58	65	63	63	69
Wheat flour production (mil cwt)	301	314	335	336	30	26	29	28	28	31
Rice										
Exports (mil cwt, rough equiv)	62.1	58.7	84.2	72.2	7.3	5.0	7.0	4.0	5.6	--

	Marketing year 1/			1987				1988		
	1985/86	1986/87	1987/88	Dec-Feb	Mar-May	Jun-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug
Wheat										
Stocks, beginning (mil bu)	1,425	1,905	1,821	2,673.5	2,250.4	1,820.9	2,988.5	2,505.3	1,923.4	1,255.7
Domestic use										
Food (mil bu)	674	696	719	166.8	174.3	179.3	191.1	168.6	180.0	183.0
Seed, feed & residual (mil bu) 4/	372	497	378	59.5	45.7	353.5	-11.4	2.9	8.0	286.0
Exports (mil bu)	915	1,004	1,592	202.7	216.8	409.9	308.5	413.1	460.6	363.4

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Residual includes feed use. -- = not available.

Information contacts: Ed Allen and Janet Livezey (202) 786-1840.

Table 19.—Cotton

	Marketing year 1/				1987	1988				
	1984/85	1985/86	1986/87	1987/88	Aug	Apr	May	June	July	Aug
U.S. price, SLW,										
1-1/16 in. (cts/lb) 2/	60.5	60.0	53.2	63.1	75.9	60.1	61.6	62.9	57.4	55.2
Northern Europe prices										
Index (cts/lb) 3/	69.2	48.9	62.0	72.7	86.6	65.8	65.6	68.8	68.2	57.7
U.S. M 1-3/32 in. (cts/lb) 4/	73.9	64.8	61.8	76.3	87.4	72.4	75.3	80.0	76.6	60.8
U.S. mill consumption (thou bales)	5,545	6,399	7,452	7,617	666	610	630	600	477	590
Exports (thou bales)	6,201	1,969	6,684	6,582	420	571	517	554	320	265
Stocks, beginning (thou bales)	2,775	4,102	9,348	5,026	5,026	9,870	8,689	7,542	6,386	5,771

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook (A) index; average of 5 lowest priced of 11 selected growths. 4/ Memphis territory growths.

Information contact: Bob Skinner (202) 786-1840.

Table 20.—Feed Grains

	Marketing year 1/				1987	1988				
	1984/85	1985/86	1986/87	1987/88	Aug	Apr	May	June	July	Aug
<b>Wholesale prices</b>										
Corn, No. 2 yellow, Chicago (\$/bu)	2.79	2.35	1.64	2.14	1.53	2.03	2.09	2.74	2.80	2.79
Sorghum, No. 2 yellow, Kansas City (\$/cwt)	4.46	3.72	2.73	3.40	2.55	3.16	3.21	4.58	4.79	4.28
Barley, feed, Duluth (\$/bu) 2/	2.09	1.53	1.44	1.78	1.60	1.94	1.98	2.41	2.31	2.08
Barley, malting, Minneapolis (\$/bu)	2.55	2.24	1.89	2.04	1.73	2.11	2.24	3.61	3.87	4.25
<b>Exports</b>										
Corn (mil bu)	1,865	1,241	1,504	1,720	112.0	167.3	181.2	133.8	126.5	--
Feed grains (mil metric tons) 3/	56.6	36.6	46.3	52.4	3.2	5.2	5.3	4.0	4.0	--
	Marketing year 1/				1987	1988				
	1984/85	1985/86	1986/87	1987/88	Jun-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug	Sept-Nov
<b>Corn</b>										
Stocks, beginning (mil bu)	1,006	1,648	4,040	4,882	6,332	4,882	9,769	7,635	5,836	4,260
<b>Domestic use</b>										
Feed (mil bu)	4,079	4,095	4,714	4,746	768	1,488	1,444	960	857	--
Food, seed, ind. (mil bu)	1,091	1,160	1,192	1,224	315	292	282	330	320	--
Exports (mil bu)	1,865	1,241	1,504	1,720	368	398	408	514	400	--
Total use (mil bu)	7,036	6,496	7,410	7,690	1,451	2,178	2,134	1,804	1,577	--

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Beginning March 1987 reporting point changed from Minneapolis to Duluth. 3/ Aggregated data for corn, sorghum, oats, and barley. -- = not available.

Information contact: James Cole (202) 786-1840.

Table 21.—Fats &amp; Oils

	Marketing year 1/				1987	1988				
	1983/84	1984/85	1985/86	1986/87	July	Mar	Apr	May	June	July
<b>Soybeans</b>										
Wholesale price, No. 1 yellow, Chicago (\$/bu) 2/	7.78	5.88	5.20	5.03	5.31	6.24	6.64	7.29	9.11	8.55
Crushings (mil bu)	982.7	1,030.5	1,052.8	1,178.8	92.6	107.6	102.6	98.0	89.2	88.0
Exports (mil bu)	742.8	600.7	740.7	756.9	54.3	74.8	65.1	39.7	29.3	29.5
Stocks, beginning (mil bu)	344.6	175.7	316.0	536.0	63.6	139.3	133.8	113.9	95.4	90.1
<b>Soybean oil</b>										
Wholesale price, crude, Decatur (cts/lb)	30.55	29.52	18.02	15.36	15.41	20.22	21.67	26.55	27.68	29.65
Production (mil lb)	10,862.8	11,467.9	11,617.3	12,783.1	1,013.7	1,186.9	1,132.7	1,087.5	996.4	994.2
Domestic disap. (mil lb)	9,589.6	9,888.5	10,045.9	10,820.1	992.5	809.3	1,002.5	763.7	936.8	998.3
Exports (mil lb)	1,813.7	1,659.9	1,257.3	1,184.5	175.6	273.7	87.7	138.6	269.0	157.2
Stocks, beginning (mil lb)	1,260.9	720.5	632.5	946.6	2,338.6	2,238.9	2,342.8	2,385.2	2,570.4	2,361.0
<b>Soybean meal</b>										
Wholesale price, 44% protein, Decatur (\$/ton)	188.21	125.46	154.88	162.61	181.25	191.80	200.40	223.50	287.80	255.60
Production (thou ton)	22,756.2	24,529.9	24,951.3	27,758.8	2,185.2	2,572.8	2,449.9	2,339.9	2,129.0	2,110.3
Domestic disap. (thou ton)	17,538.8	19,481.3	19,117.2	20,387.4	1,673.2	1,649.4	1,654.9	1,667.1	1,723.4	1,666.2
Exports (thou ton)	5,436.1	4,916.5	6,009.3	7,343.0	480.3	984.7	739.1	716.7	366.8	301.1
Stocks, beginning (thou ton)	474.1	255.4	386.9	211.7	261.3	304.9	243.7	299.5	255.6	294.4
<b>Margarine, wholesale price, Chicago, white (cts/lb)</b>										
	46.3	55.5	51.2	40.3	38.88	45.80	47.19	49.00	52.06	58.81

1/ Beginning September 1 for soybeans; October 1 for soybean meal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Tom Bickerton (202) 786-1824.



Table 22.—Farm Programs, Price Supports, Participation &amp; Payment Rates\_\_\_\_\_

				Payment rates					
	Target price	Loan rate	Findley loan rate	Deficiency	Paid land diversion	PIK	Base acres	Program 1/	Participation rate 2/
			\$/bu			Percent 3/	Hill acres		Percent of base
Wheat									
1983/84	4.30	3.65		.65	2.70	95	90.9	15/5/10-30	78/78/51
1984/85	4.38	3.30		1.00	2.70	85	94.0	20/10/10-20	60/60/20
1985/86	4.38	3.30		1.08	2.70		94.0	20/10/0	73
1986/87 4/	4.38	3.00	2.40	1.98	2.00	1.10	92.2	22.5/2.5/5-10	85/85/21
1987/88	4.38	2.85		1.78			91.6	27.5/0/0	87
1988/89	4.23	2.76	2.21	1.53				27.5/0/0	
1989/90								10/0/0	
			\$/cwt						
Rice									
1983/84	11.40	8.14		2.77	2.70	80	3.95	15/5/10-30	98/98/87
1984/85	11.90	8.00		3.76			4.16	25/0/0	85
1985/86	11.90	8.00	5/3.16	3.90	3.50		4.23	20/15/0	89
1986/87 4/	11.90	7.20	5/3.82	4.70			4.20	35/0/0	92
1987/88	11.66	6.84	5/5.75	4.82			4.20	35/0/0	97
1988/89	11.15	6.63	5/7.00	1.65			4.22	25/0/0	85
			\$/bu						
Corn									
1983/84	2.86	2.65		0	1.50	80	82.6	10/10/10-30	71/71/60
1984/85	3.03	2.53		.43			80.8	10/0/0	54
1985/86	3.03	2.55		.48			84.2	10/0/0	69
1986/87 4/	3.03	2.40	1.92	1.11	.73		81.9	17.5/2.5/0	85
1987/88	3.03	2.28	1.82	1.09	2.00		83.3	20/15/0	88/55
1988/89	2.93	2.21	1.77	10/ 1.10	1.75			20/10/0; 0/92	
1989/90	2.84	2.06	1.65					10/0/0; 0/92	
			\$/bu						
Sorghum									
1983/84	2.72	2.52		0	1.50	80	18.0	6/ [same]	72/72/53
1984/85	2.88	2.42		.46			18.2		42
1985/86	2.88	2.42		.46			19.3		55
1986/87 4/	2.88	2.28	1.82	1.06	.65		18.7		75
1987/88	2.88	2.18	1.74	1.14	1.90		18.1		83/42
1988/89	2.78	2.10	1.68	1.08	1.65				
1989/90	2.70	1.96	1.57						
			\$/bu						
Barley									
1983/84	2.60	2.16		.21	1.00		11.0	6/ [same]	55/55/0
1984/85	2.60	2.08		.26			11.6		44
1985/86	2.60	2.08		.52			13.3		57
1986/87 4/	2.60	1.95	1.56	.99	.57		12.4		73
1987/88	2.60	1.86	1.49	.79	1.60		12.9		82/23
1988/89	2.51	1.80	1.44	.76	1.40				
1989/90	2.43	1.68	1.34						
			\$/bu						
Oats									
1983/84	1.60	1.36		.11	.75		9.8	6/ [same]	20/20/0
1984/85	1.60	1.31		0			9.8		14
1985/86	1.60	1.31		.29			9.4		14
1986/87 4/	1.60	1.24	.99	.39	.36		9.5		37
1987/88	1.60	1.18	.94	.20	.80		8.7		44/15
1988/89	1.55	1.13	.90	10/ .30				5/0/0; 0/92	
1989/90	1.50	1.06	.85					5/0/0; 0/92	
			\$/bu						
Soybeans 7/									
1983/84		5.02							
1984/85		5.02							
1985/86		5.02							
1986/87 4/		4.77							
1987/88		4.77							
1988/89									
			Cts/lb						
Upland cotton									
1983/84	76.0	55.00		12.10	25.00	85	15.4	20/5/10-30	93/93/77
1984/85	81.0	55.00		18.60			15.6	25/0/0	70
1985/86	81.0	57.30		23.70	30.00		15.8	20/10/0	82/0/0
1986/87 4/	81.0	55.00	8/44.00	26.00			15.5	25/0/0	93
1987/88	79.4	52.25	9/	17.3			14.5	25/0/0	92
1988/89	75.9	51.80		16.00			14.6	12.5/0/0	88

1/ Percentage of base acres that Farmers participating in Acreage Reduction Programs/Paid Land Diversion/PIK were required to devote to conserving uses to receive program benefits. In addition to the percentages shown for 1983/84, farmers had the option of submitting bids to retire their entire base acreages. 2/ Percentage of base acres enrolled in Acreage Reduction Programs/Paid Land Diversion/PIK. 3/ Percentage of program yield except 1986/87 wheat, which is dollars per bushel. 1983 and 1984 PIK rates apply only to the 10-30 and 10-20 portions respectively. 4/ Payment rates for payments received in cash were reduced by 4.3 percent in 1986/87 due to Gramm-Rudman-Hollings. 5/ Annual average world market price. 6/ The sorghum, oats, and barley programs were the same as for corn each year except 1983/84, when PIK was not offered on barley and oats, and in 1988 for oats. 7/ There are no target prices, acreage programs, or payment rates for soybeans. 8/ Loan repayment rate. 9/ Loans may be repaid at the lower of the loan rate or world market prices. 10/ Guaranteed to farmers signed up for 0/92.

Information contact: James Cole (202) 786-1840.

Table 23.—Fruit

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 P
Citrus 1/											
Production (thou ton)	14,255	13,329	16,484	15,105	12,057	13,608	10,792	10,488	11,014	11,600	12,584
Per capita consumption (lbs) 2/	115.1	107.5	108.4	112.6	104.4	109.3	119.9	102.9	109.1	118.0	114.9
Noncitrus 3/											
Production (thou tons)	12,274	12,460	13,689	15,152	12,961	14,217	14,154	14,292	14,189	13,917	15,949
Per capita consumption (lbs) 2/	84.5	83.0	85.7	87.3	88.0	89.0	88.9	93.7	92.3	95.7	101.9
	1987				1988						
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
F.o.b. shipping point prices											
Apples (\$/carton) 4/	--	7.93	7.83	8.98	7.75	11.50	11.08	10.96	10.98	14.21	23.87
Pears (\$/box) 5/	--	12.00	10.82	9.70	9.26	11.18	8.94	12.88	15.14	17.50	--
Oranges (\$/box) 6/	7.43	10.42	8.52	5.57	5.64	6.30	6.24	6.80	8.26	8.43	6.46
Grapefruit (\$/box) 6/	4.47	8.58	6.37	5.80	5.63	5.45	5.02	4.92	4.53	3.36	4.85
Stocks, ending											
Fresh apples (mil lbs)	2,687.1	5,390.2	4,697.2	3,311.6	3,158.9	2,417.4	1,584.1	1,092.7	552.2	248.1	95.0
Fresh pears (mil lbs)	507.1	425.8	338.8	279.4	198.4	148.4	99.7	49.2	17.9	2.7	--
Frozen fruits (mil lbs)	908.7	957.9	943.1	858.2	790.4	720.1	634.6	593.3	548.5	657.3	864.0
Frozen orange juice (mil lbs)	840.0	652.8	569.0	662.4	980.4	1,073.1	1,004.1	1,018.7	1,120.1	1,154.7	1,001.8

1/ Crop year beginning with year indicated. 2/ Per capita consumption for total U.S. population, including military consumption of fresh and processed fruit in fresh weight equivalent. 3/ Calendar year. 4/ Red Delicious, Washington, extra fancy, carton tray pack 80-113's. 5/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 6/ U.S. equivalent on-tree returns. P = preliminary. F = forecast. -- = not available.

Information contact: Ben Huang (202) 786-1885.

Table 24.—Vegetables

	Calendar year												
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987			
Production													
Total vegetables (1,000 cwt) 1/	382,165	413,925	381,370	379,123	431,515	403,320	457,392	453,769	445,436	463,888			
Fresh (1,000 cwt) 1/ 2/	182,563	190,859	190,228	194,694	207,924	197,919	217,132	217,932	216,267	219,598			
Processed (tons) 3/	9,980,100	11,153,300	9,557,100	9,221,460	11,179,590	10,270,050	12,013,020	11,791,860	11,616,560	12,214,490			
Mushrooms (1,000 lbs)	454,007	470,069	469,576	517,146	490,826	561,531	595,681	587,956	614,393	631,690			
Potatoes (1,000 cwt)	366,314	342,447	302,857	338,591	355,131	333,911	362,612	407,109	361,511	385,774			
Sweetpotatoes (1,000 cwt)	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,853	12,674	12,103			
Dry edible beans (1,000 cwt)	18,935	20,552	26,729	32,751	25,563	15,520	21,070	22,175	22,886	26,309			
	1987					1988							
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Shipments													
Fresh (1,000 cwt) 4/	17,075	20,213	16,104	15,445	18,964	17,690	23,141	18,271	18,927	26,488	36,998	21,645	17,518
Potatoes (1,000 cwt)	8,514	11,384	9,718	11,021	10,685	11,759	12,702	8,890	14,970	12,356	12,818	7,337	7,624
Sweetpotatoes (1,000 cwt)	136	322	359	795	518	354	343	366	218	174	35	42	94

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop; all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop; all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. -- = not available.

Information contacts: Shannon Hamm or Cathy Greene (202) 786-1884.

Table 25.—Other Commodities

	Annual					1987			1988		
	1983	1984	1985	1986	1987	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	
Sugar											
Production 1/	5,682	5,890	5,969	6,257	7,309	766	866	3,653	2,079	774	
Deliveries 1/	8,812	8,454	8,035	7,786	8,167	2,001	2,146	2,112	1,951	1,983	
Stocks, ending 1/	2,570	3,005	3,126	3,225	3,195	2,476	1,497	3,195	3,567	2,467	
Coffee											
Composite green price N.Y. (cts/lb)	131.51	142.95	137.46	185.18	109.14	105.91	99.16	116.12	121.98	121.44 P	
Imports, green bean equiv. (mil lbs) 2/	2,259	2,411	2,550	2,596	2,638	790	645	640	585	450 P	
	Annual					1988					
	1985	1986	1987 P	July		Feb	Mar	Apr	May	June	July
Tobacco											
Prices at auctions 3/											
Flue-cured (\$/lb)	1.72	1.52	--	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Burley (\$/lb)	1.59	1.57	--	NQ	1.51	NQ	NQ	NQ	NQ	NQ	NQ
Domestic consumption 4/											
Cigarettes (bil)	594.0	584.0	577.0	37.9	46.1	52.3	44.8	51.6	52.7	--	--
Large cigars (mil)	3,226	3,090	2,757	193.0	192.6	223.9	196.3	224.4	260.4	--	--

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Net imports of green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. P = preliminary. -- = not available. NQ = no quote.

Information contacts: (sugar) Peter Buzzanell (202) 786-1888; (coffee) Fred Gray (202) 786-1888; (tobacco) Verner Grise (202) 786-1890.

Table 26.—World Supply & Utilization of Major Crops, Livestock, & Products

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88 P	1988/89 F
	Million units						
<b>Wheat</b>							
Area (hectare)	237.3	228.8	231.0	229.3	227.8	219.6	219.1
Production (metric ton)	477.3	489.3	511.8	499.8	529.7	504.3	505.2
Exports (metric ton) 1/	98.7	102.0	107.0	85.0	90.7	104.7	94.0
Consumption (metric ton) 2/	460.1	474.1	492.9	495.7	522.6	534.7	535.5
Ending stocks (metric ton) 3/	130.0	145.2	164.0	168.0	175.1	144.6	114.3
<b>Coarse grains</b>							
Area (hectare)	338.7	334.6	334.2	340.8	336.9	323.0	323.5
Production (metric ton)	783.9	687.2	814.0	841.7	834.2	789.7	709.0
Exports (metric ton) 1/	90.0	93.4	100.4	83.2	83.9	81.6	87.5
Consumption (metric ton) 2/	753.3	758.3	781.1	777.8	809.1	812.9	803.5
Ending stocks (metric ton) 3/	181.4	110.8	143.6	207.5	232.6	209.4	114.9
<b>Rice, milled</b>							
Area (hectare)	140.6	144.2	144.4	144.9	145.1	142.6	145.8
Production (metric ton)	286.5	308.0	319.1	319.7	318.4	308.7	319.8
Exports (metric ton) 4/	11.9	12.6	11.5	12.8	12.7	11.2	12.4
Consumption (metric ton) 2/	286.5	304.6	310.6	320.8	322.6	316.4	322.2
Ending stocks (metric ton) 3/	43.3	46.7	54.9	54.2	50.0	42.3	39.9
<b>Total grains</b>							
Area (hectare)	716.6	707.6	709.6	715.0	709.8	685.2	688.4
Production (metric ton)	1,547.7	1,484.5	1,644.9	1,661.2	1,682.3	1,602.7	1,534.0
Exports (metric ton) 1/	200.6	208.0	218.9	181.0	187.3	197.5	193.9
Consumption (metric ton) 2/	1,499.9	1,537.0	1,584.6	1,594.3	1,654.3	1,664.0	1,661.2
Ending stocks (metric ton) 3/	354.7	302.7	362.5	429.7	457.7	396.3	269.1
<b>Oilseeds</b>							
Crush (metric ton)	143.5	135.8	150.6	154.8	161.3	166.0	167.2
Production (metric ton)	178.2	165.0	191.0	196.0	194.3	206.7	200.9
Exports (metric ton)	35.2	33.0	33.1	34.6	37.7	39.2	35.2
Ending stocks (metric ton)	20.5	15.7	21.1	26.8	23.3	22.9	16.2
<b>Meals</b>							
Production (metric ton)	98.1	92.5	101.7	104.7	110.1	113.2	112.8
Exports (metric ton)	31.6	29.7	32.3	34.4	36.6	35.5	36.6
<b>Oils</b>							
Production (metric ton)	43.4	42.1	46.1	49.4	50.4	52.5	53.4
Exports (metric ton)	14.0	13.7	15.5	16.3	17.0	17.3	17.7
<b>Cotton</b>							
Area (hectare)	31.4	31.0	33.9	31.9	29.9	32.6	34.5
Production (bale)	68.1	65.6	88.2	79.6	70.4	80.5	85.3
Exports (bale)	19.5	19.2	20.2	20.2	26.0	24.0	23.9
Consumption (bale)	68.3	68.3	70.0	75.8	82.5	82.3	82.6
Ending stocks (bale)	25.2	24.0	42.4	47.2	34.5	32.7	35.1
	1983	1984	1985	1986	1987	1988 F	1989 F
<b>Red meat</b>							
Production (mil metric tons)	97.5	99.6	103.5	106.4	108.6	109.7	109.8
Consumption (mil metric tons)	95.8	97.6	101.5	105.3	106.8	108.5	108.6
Exports (mil metric tons) 1/	5.9	5.9	6.2	6.6	6.6	6.6	6.8
<b>Poultry</b>							
Production (mil metric tons)	24.4	25.2	26.2	27.4	29.2	30.2	31.2
Consumption (mil metric tons)	24.3	24.8	26.0	27.0	28.8	29.9	30.8
Exports (mil metric tons) 1/	1.3	1.3	1.2	1.3	1.5	1.5	1.5
<b>Dairy</b>							
Milk production (mil metric tons)	413.0	413.4	417.8	423.9	419.0	421.2	--

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1983 data correspond with 1982/83, etc. P = preliminary. F = forecast. -- = not available.

Information contacts: Frederic Surls (202) 786-1824; (red meat & poultry) Linda Bailey (202) 786-1286; (dairy) Sara Short (202) 786-1769.

## U.S. Agricultural Trade

Table 27.—Prices of Principal U.S. Agricultural Trade Products

	Annual			1988						
	1985	1986	1987	1987 Aug	Mar	Apr	May	June	July	Aug
Export commodities										
Wheat, f.o.b. vessel, Gulf ports (\$/bu)	3.73	3.19	3.11	2.95	3.42	3.47	3.54	4.10	4.10	4.10
Corn, f.o.b. vessel, Gulf ports (\$/bu)	2.89	2.27	1.95	1.82	2.30	2.29	2.28	3.01	3.31	3.03
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu)	2.64	2.16	1.88	1.74	2.17	2.09	2.12	2.91	3.02	2.78
Soybeans, f.o.b. vessel, Gulf ports (\$/bu)	5.83	5.45	5.55	5.51	6.55	6.92	7.38	9.38	9.11	8.77
Soybean oil, Decatur (cts/lb)	27.03	16.36	15.85	14.93	20.08	21.49	23.39	27.51	29.31	26.74
Soybean meal, Decatur (\$/ton)	127.15	157.62	175.57	168.93	191.01	199.98	224.40	290.42	257.53	257.46
Cotton, 8-market avg. spot (cts/lb)	58.55	53.47	64.35	75.89	59.66	60.07	61.55	62.92	57.40	55.20
Tobacco, avg. price at auction (cts/lb)	171.55	153.96	144.34	142.26	149.27	141.22	141.22	141.22	141.22	144.21
Rice, f.o.b. mill, Houston (\$/cwt)	18.49	14.60	13.15	10.50	24.06	24.00	21.20	20.50	20.50	18.20
Inedible tallow, Chicago (cts/lb)	14.33	9.03	13.79	14.50	17.25	16.17	16.17	17.18	18.81	17.44
Import commodities										
Coffee, N.Y. spot (\$/lb)	1.42	2.01	1.09	.96	1.27	1.23	1.22	1.23	1.21	1.11
Rubber, N.Y. spot (cts/lb)	41.91	42.87	50.65	53.73	54.92	55.68	58.62	70.64	66.05	63.84
Cocoa beans, N.Y. (\$/lb)	.99	.88	.87	.89	.73	.71	.74	.71	.71	.63

Information contact: Mary Teymourian (202) 786-1820.

Table 28.—Indexes of Real Trade-Weighted Dollar Exchange Rates

	1987			1988								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
	1980=100											
Total U.S. trade 2/	107.6	101.8	98.6	99.4	101.6	100.2	99.4	100.2	103.4*	108.1*	110.2*	110.3*
Agricultural trade												
U.S. markets	109.6	106.0	103.8	103.5	105.2	102.8	101.6*	101.8*	103.0*	105.6*	106.2*	110.0*
U.S. competitors	131.2	129.5	127.3	126.1	126.5	125.5	125.0*	125.3*	126.2*	129.4*	127.4*	127.5*
Wheat												
U.S. markets	120.4	117.6	115.9	115.3	119.4	114.6	112.9*	113.1*	113.4*	115.6*	113.7*	122.5*
U.S. competitors	125.7	125.5	122.6	122.9	122.2	122.2	121.0*	120.8*	121.0*	125.0*	128.5*	129.8*
Soybeans												
U.S. markets	104.9	100.1	97.2	97.5	98.7	97.3	96.5*	97.0*	99.4*	103.3*	105.5*	105.3*
U.S. competitors	194.1	194.2	189.4	185.5	184.0	186.5	190.0*	196.3*	205.1*	214.7*	219.7*	239.6*
Corn												
U.S. markets	98.0	94.4	91.7	91.3	91.8	90.6	89.4*	89.5*	90.5*	93.1*	94.5*	98.8*
U.S. competitors	166.1	163.7	159.3	160.0	161.7	162.7	165.6*	170.0*	179.5*	189.2*	200.4*	203.9*
Cotton												
U.S. markets	105.8	102.6	99.8	99.7	100.0	98.5	97.7*	97.7*	98.8*	101.2*	102.8*	103.1*
U.S. competitors	104.1	102.7	110.7	109.7	108.9	107.5	103.5*	102.6*	100.6*	102.2*	98.6*	101.1*

1/ Real indexes adjust nominal exchange rates for differences in rates of inflation, to avoid the distortion caused by high-inflation countries. A higher value means the dollar has appreciated. See the October 1988 issue of Agricultural Outlook for a discussion of the calculations and the weights used. 2/ Federal Reserve Board index of trade-weighted value of the U.S. dollar against 10 major currencies. Weights are based on relative importance in world financial markets.  
\* = preliminary.

Information contact: Tim Baxter, David Stellings (202) 786-1706

Table 29.—Trade Balance

	Fiscal year*									July
	1980	1981	1982	1983	1984	1985	1986	1987	1988 F	1988
	\$ million									
Exports										
Agricultural	40,481	43,780	39,097	34,769	38,027	31,201	26,309	27,859	34,000	2,623
Nonagricultural	169,846	185,423	176,308	159,373	170,014	179,236	176,628	202,331	--	21,491
Total 1/	210,327	229,203	215,405	194,142	208,041	210,437	202,937	230,190	--	24,114
Imports										
Agricultural	17,276	17,218	15,485	16,373	18,916	19,740	20,875	20,643	20,500	1,603
Nonagricultural	223,590	237,469	233,349	230,527	297,736	313,722	342,855	367,381	--	33,533
Total 2/	240,866	254,687	248,834	246,900	316,652	333,462	363,730	388,024	--	35,136
Trade balance										
Agricultural	23,205	26,562	23,612	18,396	19,111	11,461	5,434	7,216	13,500	1,020
Nonagricultural	-53,744	-52,046	-57,041	-71,154	-127,722	-134,486	-166,227	-165,050	--	-12,042
Total	-30,539	-25,484	-33,429	-52,758	-108,611	-123,025	-160,793	-157,834	--	-11,022

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept. 30, 1987.

1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).  
F = forecast. -- = not available.

Information contact: Steve MacDonald (202) 786-1822.



Table 30.—U.S. Agricultural Exports &amp; Imports

	Fiscal year*				July	Fiscal year*				July
	1985	1986	1987	1988 F	1988	1985	1986	1987	1988 F	1988
	Thousand units					\$ million				
EXPORTS										
Animals, live (no) 1/	996	570	275	--	101	255	344	331	--	35
Meats & preps., excl. poultry (mt)	427	451	548	2/500	59	906	1,012	1,300	--	159
Dairy products (mt)	423	480	445	--	32	414	431	490	500.	47
Poultry meats (mt)	234	265	376	400	35	257	282	406	--	38
Fats, oils, & greases (mt)	1,217	1,355	1,220	3/1,300	123	608	477	417	--	52
Hides & skins incl. furskins	--	--	--	--	--	1,325	1,440	1,666	--	137
Cattle hides, whole (no) 1/	25,456	25,596	24,337	--	1,936	1,019	1,131	1,254	--	119
Mink pelts (no) 1/	2,237	2,697	2,760	--	76	60	65	103	--	2
Grains & feeds (mt)	93,903	74,358	90,213	--	8,204	13,285	9,472	9,059	4/12,200	1,069
Wheat (mt)	28,523	25,501	28,204	40,000	3,034	4,264	3,260	2,877	5/4,500	380
Wheat flour (mt)	718	1,094	1,305	1,100	165	164	203	207	--	26
Rice (mt)	1,972	2,382	2,454	2,200	179	677	648	551	700	67
Feed grains, incl. products (mt)	55,362	36,236	47,605	52,400	3,965	6,884	3,817	3,752	5,000	450
Feeds & fodders (mt)	6,533	8,392	10,113	6/11,000	804	1,004	1,286	1,455	--	122
Other grain products (mt)	795	1,015	750	--	78	293	332	284	--	31
Fruits, nuts, and preps. (mt)	1,907	2,003	2,141	--	170	1,687	1,766	2,049	--	180
Fruit juices incl. froz. (hl) 1/	4,641	3,652	4,362	--	598	200	148	185	--	26
Vegetables & preps. (mt)	1,420	1,442	1,625	--	137	946	997	1,174	--	93
Tobacco, unmanufactured (mt)	257	224	224	200	12	1,588	1,318	1,204	1,200	66
Cotton, excl. linters (mt)	1,277	482	1,306	1,500	70	1,945	678	1,419	2,200	109
Seeds (mt)	289	269	305	--	10	352	367	371	400	22
Sugar, cane or beet (mt)	355	375	582	--	36	65	75	113	--	13
Oilseeds & products (mt)	23,803	27,583	29,653	--	1,235	6,195	6,271	6,293	7,600	446
Oilseeds (mt)	17,886	20,684	21,833	21,000	820	4,324	4,394	4,408	--	287
Soybeans (mt)	16,621	20,139	21,322	20,700	802	3,876	4,174	4,191	4,800	275
Protein meal (mt)	4,606	5,614	6,786	6,000	296	853	1,132	1,347	1,400	83
Vegetable oils (mt)	1,311	1,284	1,035	--	119	1,018	746	538	--	76
Essential oils (mt)	12	7	8	--	1	105	105	111	--	9
Other	443	568	564	--	65	1,069	1,126	1,271	--	122
Total	125,967	109,862	129,210	146,000	10,189	31,201	26,309	27,859	34,000	2,623
IMPORTS										
Animals, live (no) 1/	2,120	1,885	1,994	--	92	569	637	610	700	26
Meats & preps., excl. poultry (mt)	1,123	1,139	1,282	--	99	2,214	2,248	2,797	--	213
Beef & veal (mt)	674	693	778	790	60	1,295	1,252	1,575	1,700	128
Pork (mt)	416	406	462	475	37	847	900	1,125	1,000	77
Dairy products (mt)	418	400	461	410	30	763	786	849	900	76
Poultry and products 1/	--	--	--	--	--	93	101	112	--	8
Fats, oils, & greases (mt)	21	22	21	--	2	18	17	18	--	1
Hides & skins, incl. furskins 1/	--	--	--	--	--	240	200	304	--	13
Wool, unmanufactured (mt)	43	53	59	--	4	145	160	197	--	25
Grains & feeds (mt)	2,070	2,311	2,336	2,800	242	604	668	727	800	70
Fruits, nuts, & preps., excl. juices (mt)	4,483	4,637	4,835	4,645	348	1,891	1,976	2,178	--	161
Bananas & plantains (mt)	3,022	3,042	3,106	3,020	244	752	740	817	800	68
Fruit juices (hl) 1/	35,112	31,539	33,888	28,500	1,569	995	698	728	--	45
Vegetables & preps. (mt)	2,140	2,199	2,446	2,500	126	1,347	1,560	1,509	1,600	105
Tobacco, unmanufactured (mt)	191	208	224	210	20	556	606	634	600	55
Cotton, unmanufactured (mt)	31	41	38	--	3	17	14	7	--	1
Seeds (mt)	92	89	133	120	18	91	111	156	100	11
Nursery stock & cut flowers 1/	--	--	--	--	--	318	353	369	--	21
Sugar, cane or beet (mt)	2,338	1,905	1,492	1,070	111	912	654	497	--	37
Oilseeds & products (mt)	1,271	1,508	1,572	1,650	148	784	639	579	700	71
Oilseeds (mt)	253	197	165	--	16	98	69	56	--	6
Protein meal (mt)	159	138	245	--	22	17	15	30	--	5
Vegetable oils (mt)	859	1,173	1,162	--	110	670	555	493	--	61
Beverages excl. fruit juices (hl) 1/	15,494	15,488	15,549	--	1,449	1,622	1,848	1,923	--	169
Coffee, tea, cocoa, spices (mt)	1,868	1,940	1,915	--	148	4,983	6,099	4,867	--	356
Coffee, incl. products (mt)	1,128	1,223	1,207	1,060	96	3,244	4,400	3,232	2,600	248
Cocoa beans & products (mt)	539	507	503	550	36	1,285	1,189	1,088	1,100	68
Rubber & allied gums (mt)	799	801	824	850	50	680	615	714	850	61
Other	--	--	--	--	--	900	885	868	--	78
Total	--	--	--	--	--	19,740	20,875	20,643	20,500	1,603

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept 30, 1987. 1/ Not included in total volume. 2/ Forecasts for footnoted items 2/-6/ are based on slightly different groups of commodities. Fiscal 1987 exports of categories used in the 1988 forecasts were 2/ 503,000 mt. 3/ 1,204 million mt. 4/ 9,302 million. 5/ 3,086 million, i.e. includes flour. 6/ 10,003 million mt. F = forecast. -- = not available.

Information contact: Steve MacDonald (202) 786-1822.

Table 31.—U.S. Agricultural Exports by Region

Region & country	Fiscal year*				July	Change from year* earlier				July
	1985	1986	1987	1988 F	1988	1985	1986	1987	1988 F	1988
	\$ million					Percent				
Western Europe	7,183	6,848	7,203	7,800	420	-22	-5	5	8	3
European Community (EC-12)	6,668	6,432	6,771	7,300	395	-23	-4	5	4	3
Belgium-Luxembourg	470	361	423	--	0	-44	-23	17	--	-100
France	396	431	494	--	0	-22	9	15	--	-100
Germany, Fed. Rep.	900	1,001	1,266	--	69	-29	11	26	--	6
Italy	677	693	733	--	0	-12	2	6	--	-100
Netherlands	1,926	2,042	1,950	--	127	-14	6	-5	--	2
United Kingdom	628	628	662	--	61	-20	0	5	--	42
Portugal	502	308	268	--	16	-28	-39	-13	--	-11
Spain, incl. Canary Islands	832	723	654	--	27	-32	-13	-10	--	-10
Other Western Europe	515	415	432	500	25	-16	-19	4	25	-1
Switzerland	232	128	145	--	0	-26	-45	13	--	-100
Eastern Europe	532	447	453	600	16	-28	-16	1	20	-60
German Dem. Rep.	81	52	66	--	0	-39	-36	27	--	0
Poland	126	42	63	--	7	-36	-66	50	--	17
Yugoslavia	137	134	131	--	3	-24	-2	-2	--	-81
Romania	88	112	115	--	3	-43	27	3	--	-79
USSR	2,525	1,105	659	1,800	48	1	-56	-40	143	-71
Asia	11,933	10,494	11,989	15,500	1,291	-22	-12	14	29	23
West Asia (Mideast)	1,452	1,243	1,663	2,000	184	-22	-14	34	18	19
Turkey	129	111	117	--	4	-42	-13	5	--	-43
Iraq	371	335	524	700	68	-12	-10	56	40	17
Israel	300	255	244	--	50	-15	-15	-4	--	85
Saudia Arabia	381	335	489	500	36	-23	-12	46	0	0
South Asia	599	517	345	--	53	-31	-14	-33	--	29
Bangladesh	205	94	111	--	1	31	-54	18	--	-96
India	129	90	93	--	26	-66	-30	3	--	420
Pakistan	228	285	98	400	26	-20	25	-66	300	117
China	239	83	235	500	78	-65	-65	183	150	200
Japan	5,663	5,139	5,553	6,900	564	-18	-9	8	18	31
Southeast Asia	842	724	707	--	73	-31	-14	-2	--	35
Indonesia	204	172	152	--	16	-53	-16	-12	--	78
Philippines	285	269	259	400	34	-5	-6	-4	33	79
Other East Asia	3,138	2,788	3,485	4,400	340	-14	-11	25	26	-1
Taiwan	1,342	1,109	1,354	1,600	123	-5	-17	22	14	13
Korea, Rep.	1,400	1,277	1,693	2,200	178	-23	-9	33	29	-9
Hong Kong	396	400	436	500	39	-3	1	9	25	-3
Africa	2,527	2,134	1,784	2,100	227	-12	-16	-16	17	15
North Africa	1,207	1,401	1,279	1,500	156	-22	16	-9	15	8
Morocco	156	159	196	--	17	-54	2	23	--	0
Algeria	220	329	244	600	31	36	50	-26	200	29
Egypt	766	875	761	700	89	-13	14	-13	-13	-13
Sub-Sahara	1,320	733	505	600	71	-1	-44	-31	20	39
Nigeria	367	158	67	--	7	6	-57	-58	--	75
Rep. S. Africa	189	70	49	--	12	-64	-63	-30	--	200
Latin America & Caribbean	4,570	3,598	3,765	4,000	431	-13	-21	5	5	20
Brazil	557	445	418	300	4	27	-20	-6	-25	-82
Caribbean Islands	771	752	829	--	69	-7	-2	10	--	-13
Central America	361	334	377	--	41	-9	-7	13	--	3
Colombia	238	137	115	--	17	8	-42	-16	--	70
Mexico	1,566	1,114	1,215	1,300	196	-20	-29	9	8	90
Peru	106	108	140	--	11	-53	2	30	--	-8
Venezuela	721	493	459	600	61	-7	-32	-7	20	-21
Canada	1,727	1,466	1,776	2,000	167	-11	-15	21	11	21
Oceania	204	216	230	200	22	-6	6	6	0	-8
Total	31,201	26,309	27,859	34,000	2,623	-18	-16	6	22	10
Developed countries	15,225	13,954	15,014	17,200	1,231	-21	-8	8	11	20
Less developed countries	12,680	10,719	11,499	13,900	1,250	-15	-15	7	21	11
Centrally planned countries	3,296	1,636	1,347	2,900	142	-16	-50	-18	123	-40

\*Fiscal years begin October 1 and end September 30. Fiscal year 1988 began Oct. 1, 1987 and ended Sept. 30, 1988.

F = forecast. -- = not available.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1822.

# Farm Income

Table 32.—Farm Income Statistics

	Calendar year										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 F
	\$ billion										
1. Farm receipts	114.3	133.8	142.0	144.1	147.1	141.1	146.8	149.1	140.2	143.7	148 to 153
Crops (incl. net CCC loans)	53.2	62.3	71.7	72.5	72.3	67.1	69.5	74.2	63.6	61.9	66 to 68
Livestock	59.2	69.2	68.0	69.2	70.3	69.4	73.0	69.8	71.5	76.2	77 to 79
Farm related 1/	1.9	2.2	2.3	2.5	4.5	4.5	4.4	5.0	5.1	5.6	5 to 7
2. Direct Government payments	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7.7	11.8	16.7	14 to 16
Cash payments	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	8.1	6.5	6 to 8
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0.1	3.7	10.2	7 to 9
3. Total gross farm income (4+5+6) 2/	128.5	150.7	149.3	166.4	163.5	153.1	174.9	166.2	159.8	169.8	165 to 170
4. Gross cash income (1+2)	117.3	135.1	143.3	146.0	150.6	150.4	155.2	156.8	152.0	160.4	163 to 168
5. Nonmoney income 3/	9.3	10.6	12.3	13.8	14.3	13.5	13.4	11.8	10.6	10.0	8 to 10
6. Value of inventory change	1.9	5.0	-6.3	6.5	-1.4	-10.9	6.3	-2.4	-2.8	-6	-6 to -8
7. Cash expenses 4/	84.2	101.7	109.1	113.2	112.8	113.5	116.6	110.2	100.6	103.3	106 to 109
8. Total expenses	103.2	123.3	133.1	139.4	140.0	140.4	142.7	134.0	122.3	123.5	126 to 129
9. Net cash income (4-7)	33.1	33.4	34.2	32.8	37.8	36.9	38.7	46.6	51.4	57.1	55 to 60
10. Net farm income (3-8)	25.2	27.4	16.1	26.9	23.5	12.7	32.2	32.3	37.5	46.3	38 to 43
Deflated (1982\$)	34.9	34.9	18.8	28.6	23.5	12.2	29.7	29.1	32.9	39.3	30 to 35
11. Off-farm income	29.7	33.8	34.7	35.8	36.4	37.0	38.9	42.6	44.6	46.8	48 to 50
12. Loan changes 5/:	8.3	13.0	9.9	9.1	3.8	2.3	-1.1	-6.0	-9.2	-7.7	-2 to -4
5/: Real estate	8.3	11.2	5.3	6.5	3.4	0.9	-0.8	-9.6	-10.7	-4.9	0 to 1
5/: Nonreal estate											
14. Rental income plus monetary change	4.1	6.3	6.1	6.4	6.3	5.3	8.9	8.8	7.8	6.8	7 to 9
15. Capital expenditures 5/	17.9	20.1	18.0	16.8	13.3	12.7	12.5	9.6	8.5	9.8	9 to 11
16. Net cash flow (9+12+13+14-15)	35.8	43.8	37.6	37.8	38.1	32.7	33.1	30.2	30.8	41.4	50 to 55

1/ Income from machine hire, custom work, sales of forest products, and other miscellaneous cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households. Totals may not add because of rounding. F = forecast.

Information contact: Andy Bernat (202) 786-1808.

Table 33.—Balance Sheet of the U.S. Farming Sector

	Calendar year 1/										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 F
	\$ billion										
Assets											
Real estate	601.9	706.2	782.9	784.7	748.8	739.6	639.6	558.6	510.1	522.6	534 to 544
Nonreal estate	175.3	201.6	213.2	212.0	212.4	205.7	208.9	190.4	181.5	186.3	182 to 188
Livestock & poultry	51.3	61.4	60.6	53.5	53.0	49.7	49.6	46.3	47.6	57.6	59 to 63
Machinery & motor vehicles	75.5	85.8	93.1	101.4	102.0	100.8	96.9	87.6	80.3	73.9	72 to 76
Crops stored 2/	25.3	29.2	33.0	29.1	27.9	23.9	29.6	23.5	19.1	20.5	14 to 18
Financial assets	23.1	25.3	26.5	28.0	29.5	31.3	32.8	33.0	34.4	34.3	33 to 35
Total farm assets	777.2	907.8	996.1	996.7	961.2	945.3	848.5	749.0	691.6	708.9	720 to 730
Liabilities											
Real estate 3/	66.7	79.7	89.6	98.7	102.5	104.8	103.7	97.7	88.5	80.8	76 to 80
Nonreal estate 4/	60.7	71.8	77.1	83.6	87.0	87.9	87.1	77.5	66.8	61.9	60 to 64
Total farm liabilt.	127.4	151.6	166.8	182.3	189.5	192.7	190.8	175.2	155.3	142.7	136 to 144
Total farm equity	649.7	756.2	829.3	814.4	771.7	752.6	657.7	573.8	536.3	566.3	580 to 590
	Percent										
Selected ratios											
Debt-to-assets	16.4	16.7	16.7	18.3	19.7	20.4	22.5	23.4	22.5	20.1	18 to 20
Debt-to-equity	19.6	20.0	20.1	22.4	24.6	25.6	29.0	30.5	29.0	25.2	23 to 25
Debt-to-net cash income 385	454	488	556	497	523	493	376	302	250	237	to 247

1/ As of December 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. F = forecast.

Information contacts: Ken Erickson or Jim Ryan (202) 786-1798.

Table 34.—Cash Receipts from Farm Marketings, by State

Region & State	Livestock & Products				Crops 1/				Total 1/			
	1986	1987	June 1988	July 1988	1986	1987	June 1988	July 1988	1986	1987	June 1988	July 1988
	\$ million 2/											
North Atlantic												
Maine	247	243	19	21	139	170	5	9	386	413	24	30
New Hampshire	72	66	5	5	38	38	2	2	110	104	7	7
Vermont	361	377	27	27	36	35	1	4	397	412	28	32
Massachusetts	130	124	11	10	286	268	15	16	416	393	25	26
Rhode Island	12	12	1	1	63	63	2	3	76	75	3	4
Connecticut	209	196	15	17	166	170	9	12	374	366	24	30
New York	1,808	1,800	136	135	782	726	44	56	2,590	2,527	179	191
New Jersey	150	140	12	12	432	423	47	66	582	563	58	78
Pennsylvania	2,242	2,319	187	177	903	905	64	69	3,145	3,224	251	247
North Central												
Ohio	1,586	1,614	122	116	2,003	1,808	136	211	3,589	3,422	258	327
Indiana	1,860	1,856	137	137	2,201	2,016	142	200	4,061	3,872	279	338
Illinois	2,155	2,262	173	168	4,612	3,913	429	312	6,766	6,174	602	480
Michigan	1,241	1,285	107	101	1,327	1,219	95	157	2,567	2,504	202	258
Wisconsin	4,022	4,222	330	328	845	795	67	83	4,867	5,017	397	411
Minnesota	3,408	3,645	281	284	2,622	2,165	253	292	6,030	5,809	535	576
Iowa	4,981	5,270	410	359	4,003	3,510	364	414	8,984	8,780	774	772
Missouri	1,968	2,173	135	145	1,537	1,517	221	139	3,505	3,691	357	284
North Dakota	671	760	36	37	1,639	1,548	247	160	2,310	2,308	283	197
South Dakota	1,487	1,910	100	88	889	813	87	63	2,375	2,723	187	151
Nebraska	4,251	4,848	389	365	2,562	1,975	160	178	6,813	6,823	548	544
Kansas	3,466	3,914	307	307	1,866	1,807	250	295	5,333	5,722	557	602
Southern												
Delaware	402	370	41	35	119	114	10	8	520	485	51	43
Maryland	811	734	70	65	374	394	30	46	1,185	1,128	100	111
Virginia	1,151	1,244	94	107	479	448	30	45	1,629	1,692	124	152
West Virginia	156	169	13	12	59	52	2	3	215	221	15	15
North Carolina	2,171	2,081	169	195	1,586	1,634	103	59	3,757	3,715	272	254
South Carolina	456	461	32	33	442	470	80	40	898	931	112	73
Georgia	1,884	1,826	154	187	1,312	1,261	89	55	3,195	3,087	243	242
Florida	1,018	1,102	81	100	3,696	4,125	224	185	4,714	5,227	305	285
Kentucky	1,362	1,506	73	297	1,040	913	48	46	2,402	2,419	121	343
Tennessee	1,041	1,107	92	100	813	826	62	43	1,854	1,933	154	143
Alabama	1,425	1,560	149	164	595	588	57	35	2,020	2,148	206	199
Mississippi	1,048	1,040	95	109	749	939	64	19	1,796	1,979	159	129
Arkansas	2,017	2,116	209	227	988	1,027	147	64	3,005	3,143	357	291
Louisiana	515	521	52	55	837	899	45	40	1,352	1,420	98	96
Oklahoma	1,874	2,052	159	191	708	700	179	120	2,582	2,752	338	311
Texas	5,517	6,059	600	638	3,186	3,027	267	254	8,704	9,086	867	892
Western												
Montana	652	760	36	22	469	587	50	35	1,121	1,347	86	57
Idaho	884	926	76	72	1,052	1,120	54	64	1,936	2,047	130	136
Wyoming	451	528	20	16	116	114	4	9	566	642	24	25
Colorado	2,218	2,321	143	176	888	870	43	105	3,106	3,191	186	281
New Mexico	712	817	41	57	304	331	36	40	1,016	1,147	77	98
Arizona	696	774	87	73	918	1,007	70	53	1,614	1,781	157	126
Utah	442	462	34	39	134	134	11	15	576	596	45	55
Nevada	159	167	13	11	79	76	4	9	238	243	17	20
Washington	980	982	93	89	1,828	1,860	141	137	2,807	2,841	235	226
Oregon	654	655	51	52	1,124	1,206	73	135	1,778	1,861	124	187
California	4,435	4,741	437	445	10,209	10,781	785	806	14,645	15,522	1,222	1,251
Alaska	10	11	1	1	18	19	1	2	28	29	2	3
Hawaii	84	88	7	7	481	471	40	41	565	559	47	48
United States	71,548	76,218	6,061	6,419	63,554	61,876	5,393	5,254	135,102	138,094	11,453	11,674

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period. 2/ Estimates as of the end of current month. Totals may not add because of rounding.

Information contact: Roger Strickland (202) 786-1804.



Table 35.—Cash Receipts from Farming

	Annual						1987	1988				
	1982	1983	1984	1985	1986	1987	July	Mar	Apr	May	June	July
	\$ million											
Farm marketings & CCC loans *	142,594	136,567	142,436	144,015	135,102	138,094	10,062	10,827	11,102	10,637	11,453	11,674
Livestock & products	70,257	69,438	72,966	69,842	71,548	76,218	6,389	6,505	6,614	6,378	6,061	6,419
Meat animals	40,917	38,893	40,832	38,589	39,122	44,716	3,570	4,001	4,178	3,797	3,439	3,406
Dairy products	18,234	18,763	17,944	18,063	17,753	17,829	1,481	1,495	1,429	1,481	1,393	1,406
Poultry & eggs	9,520	9,981	12,223	11,211	12,678	11,487	961	863	855	942	1,055	1,223
Other	1,586	1,801	1,967	1,979	1,994	2,187	378	145	153	158	173	385
Crops	72,338	67,129	69,469	74,173	63,554	61,876	3,672	4,322	4,487	4,259	5,393	5,254
Food grains	11,412	9,713	9,740	8,993	5,631	5,411	723	347	237	430	1,389	1,188
Feed crops	17,409	15,535	15,668	22,520	16,982	13,061	550	814	773	741	1,327	1,291
Cotton (lint & seed)	4,457	3,705	3,674	3,687	3,551	4,027	56	156	168	120	64	33
Tobacco	3,342	2,752	2,813	2,722	1,918	1,827	7	1	23	0	0	9
Oil-bearing crops	13,817	13,546	13,641	12,474	10,592	10,800	370	748	803	742	763	754
Vegetables & melons	8,063	8,459	9,138	8,558	8,630	9,223	646	804	846	960	816	653
Fruits & tree nuts	6,846	6,056	6,737	6,843	7,288	7,869	770	596	564	452	500	763
Other	6,993	7,365	8,060	8,378	8,962	9,658	550	855	1,073	814	532	563
Government payments	3,492	9,295	8,430	7,704	11,813	16,747	1,017	1,160	872	431	140	240
Total	146,086	145,862	150,866	151,719	146,915	154,841	11,079	11,987	11,974	11,068	11,593	11,914

\* Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 786-1804.

Table 36.—Farm Production Expenses

	Calendar year									
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 F
	\$ million									
Feed	19,314	20,971	20,855	18,592	21,725	19,852	18,015	16,179	16,093	18,000 to 20,000
Livestock	13,012	10,670	8,999	9,684	8,814	9,498	8,958	9,744	12,014	12,000 to 14,000
Seed	2,904	3,220	3,428	3,172	2,993	3,448	3,350	2,984	3,009	2,500 to 3,500
Farm-origin inputs:	35,230	34,861	33,282	31,448	33,532	32,798	30,323	28,907	31,116	33,000 to 37,000
Fertilizer	7,369	9,491	9,409	8,018	7,067	7,429	7,259	5,787	5,392	5,500 to 6,500
Fuels & oils	5,635	7,879	8,570	7,888	7,503	7,143	6,584	4,790	4,442	4,200 to 5,200
Electricity	1,447	1,526	1,747	2,041	2,146	2,166	2,150	1,942	2,393	2,000 to 3,000
Pesticides	3,436	3,539	4,201	4,282	4,154	4,767	4,994	4,485	4,588	4,000 to 5,000
Manufactured inputs	17,887	22,435	23,927	22,229	20,870	21,505	20,987	17,004	16,815	16,000 to 19,000
Short-term interest	6,868	8,717	10,722	11,349	10,615	10,396	8,821	7,795	7,305	5,500 to 6,500
Real estate interest 1/	6,190	7,544	9,142	10,481	10,815	10,733	9,878	9,131	8,202	8,000 to 9,000
Total interest charges	13,058	16,261	19,864	21,830	21,430	21,129	18,699	16,926	15,508	13,500 to 15,500
Repair & maintenance 1/ 2/	6,754	7,075	7,021	6,428	6,529	6,416	6,370	6,426	6,546	6,500 to 7,500
Contract & hired labor	8,981	9,293	8,931	10,075	9,725	9,729	9,799	9,879	10,747	10,000 to 12,000
Machine hire & custom work	2,063	1,823	1,984	2,025	1,896	2,170	2,184	1,810	1,956	1,500 to 2,500
Marketing, storage, & transportation	3,162	3,070	3,523	4,301	3,904	4,012	4,127	3,652	3,823	4,000 to 5,000
Misc. operating expenses 1/	6,771	6,881	6,909	7,262	9,089	9,106	8,232	7,993	8,311	7,000 to 8,000
Other operating expenses	27,732	28,142	28,368	30,089	31,143	31,433	30,712	29,760	31,383	29,000 to 34,000
Capital consumption 1/	19,345	21,474	23,573	24,287	23,873	23,105	20,847	18,916	17,348	17,000 to 18,000
Taxes 1/	3,871	3,891	4,246	4,036	4,469	4,059	4,231	4,125	4,345	3,700 to 4,700
Net rent to nonoperator landlord	6,182	6,075	6,184	6,059	5,060	8,640	8,158	6,698	6,987	7,300 to 8,300
Other overhead expenses	29,398	31,440	34,003	34,381	33,402	35,805	33,236	29,739	28,680	28,000 to 31,000
Total production expenses	123,304	133,139	139,444	139,980	140,377	142,669	133,957	122,335	123,502	126,000 to 129,000

1/ Includes operator dwellings. 2/ beginning in 1982, miscellaneous operating expenses includes other livestock purchases and dairy assessments. Totals may not add because of rounding. F = forecast.

Information contacts: Chris McGath (202) 786-1804; Andy Bernat (202) 786-1808.

Table 37.—CCC Net Outlays by Commodity &amp; Function

COMMODITY/PROGRAM	Fiscal year										
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 E	1989 E
	\$ million										
Feed grains	1,144	1,286	-533	5,397	6,815	-758	5,211	12,211	13,967	8,200	2,725
Wheat	308	879	1,543	2,238	3,419	2,536	4,691	3,440	2,836	557	695
Rice	49	-76	24	164	664	333	990	947	906	125	1,002
Upland cotton	141	64	336	1,190	1,363	244	1,553	2,142	1,786	757	2,609
Tobacco	157	-88	-51	103	880	346	455	253	-346	-399	-326
Dairy	24	1,011	1,894	2,182	2,528	1,502	2,085	2,337	1,166	1,183	682
Soybeans	4	116	87	169	288	-585	711	1,597	-476	-1,449	-176
Peanuts	27	28	28	12	-6	1	12	32	8	7	1
Sugar	313	-405	-121	-5	49	10	184	214	-65	-15	0
Honey	-2	9	8	27	48	90	81	89	73	82	71
Wool	39	35	42	54	94	132	109	123	152	137	85
Operating expense	97	157	159	294	328	362	346	457	535	568	583
Interest expenditure	238	518	220	-13	3,525	1,064	1,435	1,411	1,219	444	694
Export programs	417	-669	-940	65	398	743	134	102	276	281	197
Other	656	-113	1,340	-225	-1,542	1,295	-314	486	371	2,631	2,287
Total	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	22,408	13,109	11,129
FUNCTION											
Price-support loans (net)	2	-66	174	7,015	8,438	-27	6,272	13,628	12,199	4,435	949
Direct payments											
Deficiency	1,024	79	0	1,185	2,780	612	6,302	6,166	4,833	3,857	4,833
Diversion	419	56	0	0	705	1,504	1,525	64	382	10	0
Disaster	367	258	1,030	306	115	1	0	0	0	0	0
Dairy termination	0	0	0	0	0	0	0	489	587	270	189
Other	1	25	0	0	0	0	0	27	60	0	44
Total direct payments	1,811	418	1,030	1,491	3,600	2,117	7,827	6,746	5,862	4,137	5,066
Purchases (net)	10	1,681	1,602	2,031	2,540	1,470	1,331	1,670	-479	-1,061	193
Producer storage payments	247	254	32	679	964	268	329	485	832	498	341
Processing, storage, & transportation	128	259	323	355	665	639	657	1,013	1,659	991	697
Operating expense	97	157	159	294	328	362	346	457	535	568	583
Interest expenditure	238	518	220	-13	3,525	1,064	1,435	1,411	1,219	444	694
Export programs	417	-669	-940	65	398	743	134	102	276	281	197
Other	662	200	1,436	-265	-1,607	679	-648	329	305	2,816	2,409
Total	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	22,408	13,109	11,129

E = estimated in the fiscal 1989 Mid-Session Review. Fiscal 1989 estimated outlays do not incorporate the impact of pending drought legislation. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Information contact:

## Transportation

Table 38.—Rail Rates; Grain &amp; Fruit/Vegetable Shipments

	Annual			1987	1988					
	1985	1986	1987	Aug	Mar	Apr	May	June	July	Aug
Rail freight rate index 1/ (Dec 1984=100)										
All products	100.0	100.7	100.1	100.3	103.2	105.2	105.1 P	104.8 P	105.2 P	105.0 P
Farm products	99.0	99.6	99.3	99.3	102.0	104.4	103.2 P	103.6 P	103.3 P	103.5 P
Grain	98.3	98.9	98.7	98.5	101.4	102.7	102.7 P	103.1 P	102.8 P	103.0 P
Food products	100.1	99.9	98.6	98.7	101.5	103.8	103.9 P	103.7 P	103.7 P	103.7 P
Grain shipments										
Rail carloadings (thou cars) 2/	22.9	24.4	29.1	30.8	34.2 P	33.0 P	31.9 P	31.9 P	29.7 P	27.1 P
Fresh fruit & vegetable shipments										
Piggy back (thou cwt) 3/ 4/	602	629	585	493	484 P	539 P	768 P	789 P	662 P	509 P
Rail (thou cwt) 3/ 4/	532	563	654	298	635 P	533 P	715 P	782 P	481 P	154 P
Truck (thou cwt) 3/ 4/	8,298	9,031	9,211	8,790	9,622 P	10,506 P	11,554 P	11,494 P	9,231 P	8,649 P
Cost of operating trucks hauling produce 5/										
Owner operator (cts/mile)	116.1	113.1	116.3	116.9	118.3	118.9	118.5	118.5	118.2	118.6
Fleet operation (cts/mile)	116.7	113.6	116.5	117.2	117.7	118.4	118.3	118.0	118.2	118.2

1/ Department of Labor, Bureau of Labor Statistics. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1987 and 1988. 5/ Office of Transportation, USDA. P = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1840.

## Indicators of Farm Productivity

Table 39.—Indexes of Farm Production Input Use & Productivity

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 2/
1977=100										
Farm output	104	111	104	118	116	96	112	118	111	109
All livestock products 3/	101	104	108	109	107	109	107	110	110	111
Meat animals	100	103	107	106	101	104	101	102	100	98
Dairy products	99	101	105	108	110	114	110	117	117	146
Poultry & eggs	106	114	115	119	119	120	123	128	133	143
All crops 4/	102	113	101	117	117	88	111	118	109	106
Feed grains	108	116	97	121	122	67	116	134	123	105
Hay & forage	106	108	98	106	109	100	107	106	106	103
Food grains	93	108	121	144	138	117	129	121	107	106
Sugar crops	101	94	97	107	96	93	95	97	106	112
Cotton	76	102	79	109	85	55	91	94	69	104
Tobacco	106	80	93	108	104	75	90	81	63	64
Oil crops	105	129	99	114	121	91	106	117	110	106
Cropland used for crops	97	100	101	102	101	88	99	98	94	87
Crop production per acre	105	113	100	115	116	100	112	120	116	122
Farm input 5/	102	105	103	102	99	97	95	92	87	--
Farm real estate	100	103	103	104	102	101	97	95	93	--
Mechanical power & machinery	104	104	101	98	92	89	85	81	76	--
Agricultural chemicals	107	123	123	129	118	105	121	121	109	--
Feed, seed & livestock purchases	108	115	114	108	107	109	105	105	102	--
Farm output per unit of input	101	105	101	116	118	99	118	128	127	--
Output per hour of labor										
Farm 6/	104	113	109	123	125	99	121	139	139	140
Nonfarm 7/	101	99	99	100	99	102	105	106	108	108

1/ For historical data and indexes, see Economic Indicators of the Farm Sector: Production and Efficiency Statistics, 1985, ECIFS 5-5. 2/ Preliminary indexes for 1987 based on January 1988 Crop Production: 1987 Summary report and other releases of the Agricultural Statistics Board, NASS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output. 5/ Includes other items not included in the separate groups shown. 6/ Economic Research Service. 7/ Bureau of Labor Statistics. -- = not available.

Information contact: Jim Hauver (202) 786-1459.

Table 40.—Per Capita Consumption of Major Food Commodities (Retail Weight)

	1979	1980	1981	1982	1983	1984	1985	1986	1987 2/
Pounds									
Meats 3/	144.7	147.4	145.0	138.4	143.2	142.8	144.1	140.2	135.4
Beef	78.0	76.4	77.1	76.8	78.2	78.1	78.8	78.4	73.4
Veal	1.7	1.5	1.6	1.7	1.6	1.8	1.8	1.9	1.5
Lamb & mutton	1.3	1.4	1.4	1.5	1.5	1.5	1.4	1.4	1.3
Pork	63.7	68.1	64.9	58.5	61.9	61.5	62.0	58.6	59.2
Fish (edible weight)	13.0	12.8	12.9	12.3	13.1	13.7	14.4	14.7	15.4
Canned	4.8	4.5	4.8	4.3	4.8	4.9	5.1	5.4	5.1
Fresh and frozen	7.8	8.0	7.8	7.7	8.0	8.5	9.0	9.0	10.0
Cured	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Poultry products									
Eggs	35.1	34.4	33.5	33.5	33.0	32.9	32.2	31.7	31.6
Chicken (ready-to-cook)	50.3	49.8	51.3	52.7	53.4	55.2	57.6	58.7	62.7
Turkey (ready-to-cook)	9.9	10.5	10.7	10.8	11.2	11.3	12.1	13.3	15.1
Dairy products									
Cheese (excluding cottage)	17.2	17.5	18.2	19.9	20.5	21.4	22.5	23.0	24.0
Fluid whole milk 4/	155.6	147.0	139.6	134.1	130.8	126.6	122.7	115.4	109.9
Fluid lowfat milk 5/	88.1	91.2	92.9	93.1	95.9	99.1	104.6	110.4	113.6
Fluid cream 6/	3.3	3.4	3.4	3.5	3.6	4.0	4.3	4.6	4.7
Yogurt	2.5	2.6	2.5	2.6	3.2	3.7	4.0	4.3	4.6
Ice cream (product weight)	17.3	17.5	17.4	17.6	18.0	18.1	18.1	18.4	18.3
Fats & oils (fat content only) 7/	56.4	57.2	57.7	58.2	60.0	58.6	64.0	64.1	62.7
Butter (product weight)	4.5	4.5	4.2	4.3	4.9	4.9	4.9	4.6	4.6
Margarine (product weight)	11.2	11.3	11.1	11.0	10.4	10.4	10.8	11.4	10.5
Shortening	18.4	18.2	18.5	18.6	18.5	21.2	22.8	22.0	21.3
Lard (direct use)	2.5	2.6	2.5	2.5	2.1	2.1	1.8	1.7	1.8
Edible tallow (direct use)	0.4	1.1	1.0	1.3	2.1	1.7	1.9	1.8	1.0
Salad & cooking oils	20.8	21.2	21.8	21.8	23.5	19.8	23.5	24.1	25.2
Selected fresh fruits 3/	80.8	86.4	83.1	83.7	88.4	87.8	86.3	93.2	98.6
Citrus	23.9	27.9	24.1	23.9	28.3	23.2	22.6	26.6	27.2
Apples	16.8	18.3	16.1	17.1	17.6	17.6	16.6	17.3	20.3
Other noncitrus	40.2	40.2	42.9	42.7	42.4	47.0	47.1	49.3	51.2
Canned fruit 8/	10.9	10.7	10.0	9.7	9.2	8.9	8.5	8.4	8.7
Frozen fruit	1.0	1.1	1.1	1.3	1.2	1.2	1.3	1.4	1.9
Dried fruit	2.3	2.2	2.5	2.7	2.8	2.9	2.9	3.0	3.1
Selected fresh vegetables 9/	71.3	72.8	71.5	74.2	74.7	78.8	78.8	79.9	78.6
Selected vegetables for processing 3/ 10/	106.4	105.2	100.2	98.5	100.4	108.6	104.4	103.4	104.2
Tomatoes for processing 10/ 11/	64.3	63.6	59.3	60.1	60.8	68.4	63.1	63.4	64.6
Cucumbers for pickling 10/	5.9	5.6	5.7	5.7	5.8	5.8	5.8	5.3	5.1
Other vegetables for canning 10/ 12/	21.1	21.4	20.7	19.2	19.0	17.0	18.7	19.0	17.4
Vegetables for freezing 10/ 13/	15.1	14.6	14.6	13.6	14.8	17.4	16.9	15.8	17.1
White potatoes									
Fresh	47.6	49.0	43.8	44.8	47.9	46.8	44.7	47.6	45.1
Frozen	20.7	17.9	19.1	20.1	19.1	20.7	22.0	22.0	23.2
Canned	1.3	1.2	1.1	1.2	1.2	1.1	1.2	1.1	1.1
Dehydrated	1.5	1.3	1.5	1.4	1.4	1.4	1.6	1.5	1.5
Chips & shoestrings	4.1	4.1	4.1	4.2	4.4	4.4	4.3	4.5	4.3
Sweet potatoes 10/	5.2	4.4	4.7	5.4	4.7	4.7	5.3	4.8	4.4
Grains									
Wheat flour 14/	117.2	116.8	115.8	116.7	117.4	118.1	123.3	123.6	128.0
Rice	9.4	9.4	11.0	11.8	9.7	8.6	9.1	11.6	13.4
Pasta	10.2	10.0	10.0	9.9	10.5	11.3	12.9	14.4	17.1
Breakfast cereals	12.9	12.9	13.0	13.1	13.4	14.0	14.4	14.8	15.2
Caloric & low-caloric									
sweeteners 15/ 16/	134.4	132.8	133.2	132.5	137.4	142.5	149.3	147.7	151.6
Sugar (refined) 17/	89.3	83.6	79.3	73.6	71.0	67.6	63.4	60.8	62.4
Corn sweeteners (dry weight) 15/ 18/	36.3	40.2	44.5	48.1	52.1	57.8	66.5	67.1	68.8
Low-calorie sweeteners 19/	7.3	7.7	8.2	9.5	12.9	15.8	18.1	18.5	19.0
Other									
Coffee	8.6	7.7	7.7	7.6	7.6	7.5	7.6	7.6	7.6
Cocoa (chocolate liquor equiv.)	2.7	2.7	2.9	3.0	3.2	3.4	3.7	3.8	3.9
Peanuts (shelled)	5.9	4.8	5.5	5.9	5.9	6.0	6.3	6.4	6.4
Dry edible beans, peas, & lentils 10/	6.8	5.8	5.8	6.9	7.2	5.5	7.4	7.1	8.3
Soft drinks (gals.)	27.0	27.1	27.1	26.9	26.9	27.2	29.1	30.3	--
Citrus juice (gals.)	5.0	5.1	4.8	5.1	5.6	4.8	5.2	5.6	5.3

1/ quantity in pounds, retail weight unless otherwise stated. Data on calendar year basis except fresh citrus fruits, apples, peanuts, and rice which are on a crop-year basis. 2/ Preliminary. 3/ Total may not add because of rounding. 4/ Plain and flavored. 5/ Lowfat, skim, buttermilk, and flavored drinks. 6/ Heavy cream, light cream, and half and half. 7/ Includes 80 percent of the product weight of butter and margarine and all of the product weight of other fats and oils, some of which are not reported separately. 8/ Excludes apples, applesauce, cranberries, pineapple, and citrus sections. 9/ Includes asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, onions, and tomatoes. 10/ Farm weight. 11/ Used in such processed products as ketchup, canned tomatoes, tomato paste, and tomato puree. 12/ Includes asparagus, carrots, green peas, snap beans, and sweet corn. 13/ Includes asparagus, broccoli, carrots, cauliflower, green peas, snap beans, and sweet corn. 14/ White, whole wheat, semolina, and durum flour. 15/ Dry weight equivalent. 16/ Includes edible syrups and honey. 17/ Beginning 1982, includes small amount of refined sugar contained in imported blends and mixtures, including sucrose-dextrose blends, sugar-sweetened tea mixes, and flavored syrups in consumer size containers. 18/ High fructose, glucose, and dextrose. 19/ Sugar sweetness equivalent. Assumes saccharin is 300 times as sweet as sugar; and aspartame, 200 times as sweet as sugar. -- = not available.

Information contact: Judy Putnam (202) 786-1870.

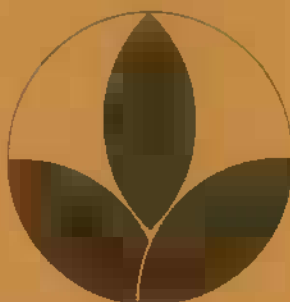


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Preliminary schedule inside.  
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